

**ILLINOIS
COMMERCE COMMISSION**

**ANNUAL REPORT
ON ELECTRICITY, GAS, WATER
AND SEWER UTILITIES**

1999

January 31, 2000

The Honorable George Ryan
Governor, State of Illinois
State Capitol, Springfield, Illinois

Chairman and Members, Joint Committee on Legislative Support Service
313 State Capitol, Springfield, Illinois

Dear Governor, Chairman and Members of the Joint Committee:

We are pleased to submit to you the Commission's 1999 Annual Report on Electricity, Gas, Water, and Sewer Utilities. This Report covers the period of January 1, 1999, through December 31, 1999.

The Annual Report is submitted in compliance with the Public Utilities Act and specifically addresses the items cited in Section 4-304 of that Act.

Sincerely,

Richard L. Mathias, Chairman

Ruth K. Kretschmer, Commissioner

Richard E. Kolhauser, Commissioner

Terry S. Harvill, Commissioner

Edward C. Hurley, Commissioner

THE MEMBERS OF THE ILLINOIS COMMERCE COMMISSION

Richard L. Mathias, Chairman

Independent: born, 1939; Denison University, (B.A.); University of Michigan Law School (juris doctor); administrative assistant and deputy legal counsel to Gov. Richard Ogilvie; director of the Illinois Department of Insurance (1977-1979); legal or executive positions in insurance, financial services and steel making firms; private law practice in Chicago, specializing in general corporate and state and local tax matters; assumed chairmanship May 26, 1998; current term ends January 2002; married, three adult children.

Ruth K. Kretschmer

Republican; appointed to the Commission in 1983; current term ends January 2003. Kretschmer serves as Chairman of the Commission's Gas Policy Committee and is a member of the Commission's Electric and Transportation Committees. She is Chairman of the National Association of Regulatory Utility Commissioners (NARUC) Committee on Gas and serves as a member of the Advisory Council of the Center for Public Utilities, New Mexico State University. She is a member of the Mid-America Regulatory Conference and served as President from June 1995 to June 1996.

Kretschmer served on the Board of Directors for the Center for Regulatory Studies at Illinois State University from 1985 through 1996. In January 1989, she was appointed to the Advisory Council of the Gas Research Institute and chaired the Council in 1995 and 1996. She also served on the Department of Transportation's Technical Pipeline Safety Standards Committee.

Kretschmer holds a degree from DePaul University in business administration and economics; she also attended Harvard University's John F. Kennedy School of Government and completed its Program for Senior Executives in State and Local Government. She is a member of the Economic Club of Chicago and The Chicago Network. She was selected as an honored member of Who's Who in Government Services for 1990.

Richard E. Kolhauser

Republican; born 1942; Northwestern University (B.A. Political Science); Southern Illinois University, Carbondale, (M.S. Economics); Assistant to the President, Precision Products, Inc. (1992-1994); Visiting Research Professor, Sangamon State University Institute of Public Affairs (1989-1992); Deputy Director, Illinois Bureau of the Budget (1977-1989); Financial Advisor, Office of the Comptroller (1973-1976); Chief of Fiscal Analysis, Bureau of the Budget (1970-1973); assumed Commissionership April 18, 1994; current term ends January 2000; married, one child.

Terry S. Harvill

Republican; born, 1969; Illinois State University (B.S. Economics); Illinois State University (M.S. Economics); currently completing coursework towards a Ph.D. in Economics at the University of Illinois at Chicago.

Harvill was assistant to the Governor for business and economic development issues (1995-1998); in this capacity, he was responsible for the development of the Governor's overall economic development strategy and issue development in the following areas: business development, regulatory operations, governmental operations, financial affairs and Chicago-related policy matters. In addition, he provided legislative analysis and guidance to the Governor on a wide variety of issues associated with business and economic development and regulatory operations. He was responsible for electric, natural gas and telecommunications restructuring/deregulation legislative efforts at both the state and federal level.

Harvill served as senior policy advisor to the Chairman of the Illinois Commerce Commission (1994-1995). In that role, he was the primary strategist to the Chairman for developing and implementing positions based upon the analysis of financial, economic, and public policy issues. He served as senior economist in the rate design section of the Illinois Commerce Commission (1992-1994). Harvill assumed commissionership May 14, 1998; current term ends January 2003; single.

Edward C. Hurley

Democrat; born 1954; Marquette University, Milwaukee, Wisconsin (B.S. Business Administration, 1976); The John Marshall Law School, Chicago, Illinois (Juris Doctor, 1980); Associate, Jares, Komosa, Burke and Shanahan, Chicago, Illinois (1980-1982); Assistant Illinois Attorney General (1982-1984); Hearing Examiner, Illinois Commerce Commission (1984-1991); Secretary, General Counsel, General Manager, Custom Coffee Service Corp., Chicago, Illinois (1991-1998); assumed Commissionership February 16, 1999; current term ends January 2004; single.

ILLINOIS COMMERCE COMMISSION YEAR IN REVIEW NINETEEN NINETY-NINE

ENERGY

ELECTRIC RESTRUCTURING

The Illinois Commerce Commission adopted rules for new entrants to the electric energy market in Illinois in 1999. Rules adopted this year address a number of issues including what is required of companies seeking certification as alternative retail electric suppliers; how lotteries would be conducted among commercial and industrial customers to determine who would be eligible to choose an alternative electric service provider October 1; conditions for the functional separation of utilities; and standards of conduct under deregulation. The Commission also approved and sent to the General Assembly, a report ("Assessment Of Competition In The Illinois Electric Industry Three Months Following The Initiation Of Restructuring") outlining where competition has developed and in which electric service regions since the implementation of electric restructuring legislation. This report is on the ICC web site.

Alternative Retail Electric Service

Thirteen companies had been certified to provide alternative retail electric service by the end of the year. The are AmerenCips, Central Illinois Light Company, Duke Solutions, Inc., EnerStar Power Corp., Enron Energy Services, Inc., Illinois Power Company, Illinova Power Company, MidAmerican Energy, NewEnergy Midwest, Nicor Energy, Peoples Energy Service Corporation, South Beloit Water Gas & Electric Company and Unicom Energy, Inc. The companies and contact personnel and telephone numbers have been posted to the ICC web site to assist customers who are considering switching to an alternative provider of electricity.

ELECTRIC CHOICE

Delivery service tariffs for nine Illinois utilities were approved by the Commission in September. The new tariffs detailed the prices, terms and conditions of service for non-residential customers, when contracting with an incumbent utility for the delivery of purchased power. A new case was opened, as well, to set conditions and tariffs for metering and billing services. The Electric Service Customer Choice and Rate Relief Law of 1997 provided that the largest industrial customers and some commercial customers, selected through a lottery, could choose an alternative provider beginning October 1. All other retail electric customers will be phased into the Customer Choice program through May 1, 2002.

Delivery Service Tariffs

The Commission approved delivery service plans and tariffs for nine electric utilities this fall, as required by the Public Utilities Act. These rate cases were concluded within six months in order to meet the statutory deadline and to be in place for the beginning of Customer Choice on October 1.

Consumer Education Program

A Consumer Education Working Group, formed to assist in the development of educational materials for customers in the new deregulated electric market, created a bill insert and brochure for distribution to small commercial customers last spring. The Commission also debuted its electric competition web site, called "Plug-In Illinois," which helped to educate the public and electric customers about the lottery process, certified alternative retail electric suppliers, and utility contacts for additional information. In addition a video was produced to help educate customers on the move to a deregulated market. The web site received more than 15,000 hits in 1999, most of them during the initial Customer Choice period after October 1.

Neutral Fact Finder

Frank Tiantidoi of Deloitte-Touche was hired as the neutral fact finder charged with determining the market value of power during the transition to a deregulated electric utility market. He reviewed contract information submitted by utilities before calculating the market price. His report was published in June, 1999 and was posted to the ICC web site.

Independent System Operator

The Midwestern Independent Systems Operator filed a petition with the Federal Energy Regulatory Commission this year seeking an amendment to its original agreement which would make it possible for a member or members of the Midwest ISO to separate from the main body and form an independent entity. Late this year, Commonwealth Edison Company, filed a petition with FERC seeking authorization to form an independent system. The company was joined in its petition by MidAmerican Energy and by Interstate Power and IES, two of the Alliant Companies.

FERC

The ICC entered orders approving delineating transmission and local distribution facilities for MidAmerican Energy Company and Commonwealth Edison Company. The assignment of transmission and local distribution facility operations is required under FERC Order 888 and is necessary for the first phase of open access.

Damage Claims

The Commission approved a claims procedure for resolving and paying claims for actual damages and replacement value under Sect 16-125e and f of the Customer Choice law. Under the law, claims arise only in the event that more than 30,000 customers are subjected to continuous power interruptions of 4 hours or more that results in power less than 50 percent of standard voltage or in the total loss of power to a customer. The commission may grant a waiver or make a determination of no liability in these instances.

Plant Sales/ Utility Mergers

The ICC approved the sale of Illinois Power Company's fossil fuel plants to Illinova for \$2.7 billion, the sale of the Clinton Nuclear Plant to Amergen for \$20 million, and the subsequent merger of Illinova and Dynegy Inc.

The Commission gave final approval to the sale of Commonwealth Edison's fossil fuel plants to Edison Mission Energy, an unaffiliated electric energy provider and the parent company of Southern California Edison. Commonwealth Edison will retain the right to buy power from the plants to meet its needs. The Commission also gave final approval to the merger of Commonwealth Edison and PECO.

The ICC approved the reorganization of Central Illinois Light Company's gas operations,

following the acquisition of CILCORP by AES Corporation.

The Commission also approved the transfer of Central Illinois Public Service Company's electric generating plants to an affiliate. The company retained ownership of the transmission and distribution systems.

ELECTRIC RELIABILITY

Investigation

The Commission initiated an investigation into Commonwealth Edison Company's power failures between July 30 and August 13, 1999. Vantage Consulting, which performed the first phase of the investigation into the circumstances surrounding the outages, found poor maintenance and overloading of cables led to the power outages. Liberty Consulting continues with a broader investigation of the company's system wide reliability. A final report is expected by the end of 2000.

A similar request for an investigation, filed by the Citizens Utility Board, was dismissed this fall, after the parties reached an agreement with Commonwealth Edison.

AG Complaint Cases

Complaint cases, filed by the Attorney General, against Commonwealth Edison and Illinois Power Company alleging failure to adequately maintain the electric system were dismissed this year after an agreement was reached in which Commonwealth Edison said it would take certain actions and create a plan that would minimize the possibility of brownouts or blackouts in its service area.

New Transmission Lines Authorized

The Commission approved Commonwealth Edison Company's proposal to build a new double circuit 345 kV transmission line from the Lockport substation to the Lombard substation, along the company-owned right-of-way. The new line would allow the company to transfer more bulk power from the southern part of its service territory to the northern part and relieve overloading of the existing transmission system.

The Commission also approved Commonwealth Edison Company's request to construct, operate and maintain a new transmission line in Will County to serve an independent power producer.

GAS ISSUES

Gas Rate Adjustments

The Commission ordered a set fixed gas charge for North Shore Gas and People Gas Light and Coke Company, in response to each company's proposal to eliminate the purchased gas clause and include gas charges in base rates. However, both North Shore and Peoples Gas rejected the Commission's set rate and determined they would continue to use the purchase gas adjustment clause.

In a similar case, Northern Illinois Gas proposed a gas cost performance program as an alternative to traditional regulation. The Commission made adjustments to the company's proposal, but approved the program, and NIGAS accepted the changes.

Peoples Gas Investigation

A staff investigation into the cause of a gas pipeline rupture, October 30, 1998, was completed and a final report given to the Commission. Among the ICC's conclusions was that a nearby sewer main was not installed parallel with the natural gas main as indicated in site plans, but rather at an angle. A contractor struck the gas pipeline while digging the sewer line and the damage to the pipeline resulted in the rupture. The Commission staff made six recommendations to Peoples Gas, and continues to work with the company to assure compliance.

WATER

Rate Cases

The Commission gave final approval to new rates for customers of five northern Illinois water companies, after an investigation into the reasonableness and sufficiency of their rates. ICC staff inspected the facilities of Crystal Clear Water, Highland Shores Water, McHenry Shores Water, Northern Illinois Utilities, and Wonder Lake Water Company and also reviewed company records. Remediation recommendations were accepted and efforts begun to address violations of the Public Utilities Act. New rates were implemented to provide additional revenue to the companies so that they could meet their service obligations.

Pipeline

The Commission approved a Consumers Illinois Water Company proposal to construct and

operate a water supply and distribution system and sewage collection service in Will County. Consumers Water brought its petition to the Commission (and was supported by Will County) when the incumbent company failed to provide adequate service.

COMMISSION ACTIVITIES

ICC Chairman Richard Mathias served as chairman of a blue ribbon committee established to review ICC regulatory processes in an effort to update laws, communications, technology processes, and consumers services by the year 2000. The Committee includes representatives of parties that appear regularly before the Commission, as well as industry leaders, consultants, and former members of the Commission. The Millennium Review Committee was organized in response to a call from Governor George Ryan for a performance review of all programs. The Committee's report will be published early this year.

Commissioner Ruth K. Kretschmer led a delegation from the ICC to the Republic of Kazakhstan in June. The trip was designed to acquaint the Commission staff and guests with the efforts of the republic's department of energy to update their own regulatory governing system. An agreement for mutual support was signed by the ICC and the Kazakstani delegation, following a visit by the Kazakstanians to the United States in the fall.

The Commission also spent much of the year monitoring utility readiness for the changeover to Year 2000. Utilities, railroad companies and 9-1-1 systems reported quarterly on their progress to update computer systems so that they would continue to operate after the change from 1999 to 2000. ICC staff and representatives of the major electric and telecommunications utilities were stationed at the state's emergency headquarters over the New Year's holiday to assist if any problems developed. There were few if any utility problems reported anywhere in the state.

The ICC debuted its redesigned web site after nearly a year of work. The new look more closely identifies the ICC site with the state of Illinois web system, and now provides alphabetical access to subjects contained within the site, as well as a general listing by industry.

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INTRODUCTION

The following report for calendar year 1999 was prepared to meet the requirements of the Public Utilities Act (PA-84-617). Section 4-304 of this Act instructs the Illinois Commerce Commission to prepare an annual report and provide copies to the Joint Committee on Legislative Support Services of the General Assembly, the Public Counsel, and the Governor.

Nine specific sections on which the Commission is asked to report are cited in the Act. The report is therefore divided into nine main parts. For the convenience of the reader, each part is given the same number designation as the corresponding subsection of the Public Utilities Act that it addresses.

During 1999, the following persons (listed alphabetically) served as members of the Illinois Commerce Commission.

Brent S. Bohlen

Terry S. Harvill

Edward C. Hurley

Richard E. Kolhauser

Ruth K. Kretschmer

Richard L. Mathias

ILLINOIS COMMERCE COMMISSION

STATEMENT OF MISSION

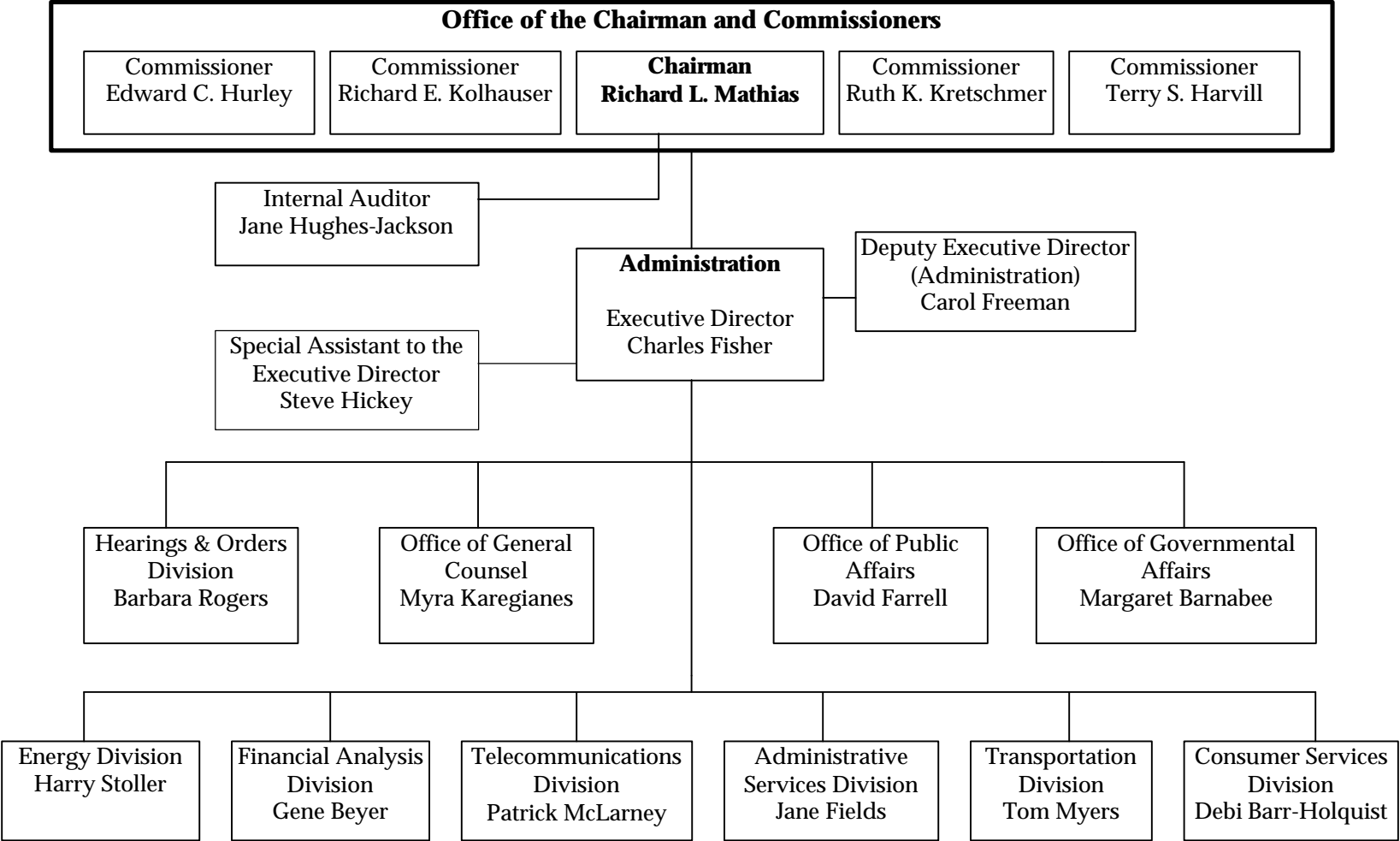
The Illinois Commerce Commission was created by the General Assembly for the purpose of regulating public utilities and commercial transportation. The structure and major functions of the Commission are derived from the Illinois Public Utilities Act (PA84-617), which states that the policy of the State shall be to continue the effective and comprehensive regulation of public utilities. The goals and objectives of such regulation are to ensure efficiency, environmental quality, reliability, and equity. The Commission regulates telecommunications services to the extent mandated by Article 13 of the Public Utilities Act. The Commission's regulatory responsibilities for transportation brokers and carriers are derived from the Illinois Commercial Transportation Law (PA84-796). In addition to these specific legislative mandates, the Commission fulfills all other responsibilities delegated to it through other Public Acts of the Illinois General Assembly.

The extensive revision of the Public Utilities Act, which became effective January 1, 1986, brought new challenges to the Commission. As envisioned by Illinois statutes, the Illinois Commerce Commission's role is to continue providing for safe, efficient, and reliable public utility service within Illinois at the least cost to ratepayers, while allowing the utility the opportunity to earn a fair rate of return. Instead of relying solely on rate proceedings filed by utilities as the principal vehicle for regulation, the revised Public Utilities Act mandated a more active role and permits the Commission to supplement revenue requirement regulation with alternative tools and procedures. It is thus the intention of the Commission to shift from passive oversight to active investigation to the extent resources permit.

The principal mission of the Illinois Commerce Commission remains fulfillment of its statutory obligation to regulate public utilities and commercial transportation in the State of Illinois. To fulfill this principal function, the Commission must provide access to various points of view and use a variety of avenues to communicate with the members of the General Assembly, public interest groups, private concerns, and public utilities. The Commission must continually seek to improve the competence of its staff and clarify its internal procedures to provide greater access to resources and improved analysis of information to insure arriving at the best possible decisions.

In addition, the Commission staff must seek out, develop, and utilize state-of-the-art regulatory information and techniques while striving to advance and protect the interests of the State and its citizens in appropriate regulatory, legislative, and judicial forums at the state and federal levels. Through all of its activities, the Commission endeavors to promote the public interest.

**ILLINOIS COMMERCE COMMISSION
ORGANIZATION CHART**



SECTION 1

General Review of Agency Activities

(1) A general review of agency activities and changes, including:

(a) a review of significant decisions and other regulatory actions for the preceding year, and pending cases, and an analysis of the impact of such decisions and actions, and potential impact of any significant pending cases;

(b) for each significant decision, regulatory action and pending case, a description of positions advocated by major parties, including Commission staff, and for each such decision rendered or action taken, the position adopted by the Commission and reason therefor;

REVIEW OF SIGNIFICANT COMMISSION DECISIONS

Appendix A of this report contains summaries of significant Commission decisions made and other regulatory actions taken in 1999. These summaries are by no means exhaustive, but they do provide a representative sampling of Commission actions. If the reader would like to know more about any of the cases discussed in this report, both the Commission's order and the record for decision are available for examination in the Commission's Springfield office. In any proceeding in which the Commission has entered an order on the merits, the best summary of positions advocated and reasons for the Commission's adoption of a position is contained in the order itself. Copies of these documents are available free of charge to public officers; others may obtain copies upon payment of the fee established in Section 2-201 of The Public Utilities Act. Selected orders and other Commission documents may be found on the Commission's web page (www.icc.state.il.us).

PENDING CASES

As noted above, Section 4-304 of the Public Utilities Act also requires a review of pending cases, including an analysis of the potential impact and a description of positions advocated by staff and major parties. The Commission feels that it is precluded from entering into discussions of pending issues or characterizing positions advocated by staff and parties in pending cases. The dangers of acting otherwise include the possibility of violating restrictions on ex parte communications (see Section 10-103 of the Public Utilities Act and 83 Ill. Adm. Code 200.710) and the possibility of later being held to have prejudged issues pending before the Commission as of the date of this report. The Commission's record in pending cases is available for examination through the Chief Clerk's Springfield office.

SIGNIFICANT REGULATORY ACTIONS

Significant actions taken by the Commission during 1999 are described in the summary statement, "The Year in Review," immediately preceding this section.

(1-c) a description of the Commission's budget, caseload, and staff levels, including specifically:

(i) a breakdown of type of case by the cases resolved and filed during the year and of pending cases;

A breakdown of the types of cases resolved and filed during the year and of cases which are still pending is given in Table 1-1 below.

TABLE 1-1
Types of Cases Before the Commission

| Case* Type | Cases Filed 1999 | Final Orders 1999 | Cases Pending 12/31/99 |
|---------------|---------------------|----------------------|---------------------------|
| ABC | 2 | 1 | 2 |
| ABN | 45 | 44 | 22 |
| ACE | 1 | 1 | 1 |
| AEX | | 1 | |
| AGO | 8 | 14 | 11 |
| AIC | 6 | 3 | 3 |
| AMD | 5 | 2 | 3 |
| AMR | 17 | 16 | 12 |
| ASE | 4 | 7 | 5 |
| ATC | 2 | 1 | 1 |
| CAR | 33 | 104 | 32 |
| CBL | 74 | 97 | 97 |
| CCN | 204 | 205 | 129 |
| CIC | | 1 | 3 |
| CIT | 25 | 18 | 21 |
| CMP | 6 | 15 | 10 |
| CSR | 13 | 10 | 21 |
| DSP | 8 | 8 | 4 |
| DST | 5 | 5 | 2 |
| EMD | 5 | 5 | 6 |
| ESA | 5 | 5 | 12 |
| FIN | 11 | 11 | 8 |
| MAC | | | 1 |
| MET | 6 | 9 | |
| MIS | 114 | 120 | 59 |
| PAB | 2 | 1 | 1 |
| RAI | 1 | 5 | 1 |
| REC | 29 | 21 | 54 |
| RES | 10 | 10 | 2 |
| RIC | 2 | | 2 |
| RID | 2 | 2 | |
| RUL | 8 | 6 | 11 |
| SDW | 1 | 4 | 4 |
| TDD | 2 | 3 | |
| TRF | 11 | 19 | 18 |
| 911 | 15 | 12 | 5 |

*An explanation of case types is given in the table on the following page.

TABLE 1-2
Key to Case Types

| | |
|-----|---|
| ABC | Application for service territory boundary change |
| ABN | Application to abandon service or status as a public utility or telecommunications carrier |
| ACE | Approval of CUB enclosures |
| AEX | Application for approval of extended area service (telephone) |
| AGO | Application regarding Commission rules (Deviation from, compliance with, or change in) |
| AIC | Application regarding an "affiliated interest" matter (Section 7-101) |
| AMD | Amend certificate |
| AMR | Application for approval of merger of utility or telecommunications carrier |
| ASE | Application regarding license or lease agreement, inter-utility transactions, and property sales |
| ATC | Approval of transfer of control |
| CAR | Citation concerning failure to furnish annual report |
| CBL | Complaint concerning billings, unfair charges, overcharges, etc. |
| CCN | Application for a certificate of public convenience and necessity or certificate of service authority |
| CIC | Commission investigative case |
| CIT | Miscellaneous citation proceeding |
| CMP | Complaint other than billing or service |
| CSR | Complaint as to service |
| DSP | Delivery service plan |
| DST | Delivery service tariffs |
| EMD | Application for approval of exercise of eminent domain |
| ESA | Electric Suppliers Act cases |
| FIN | Application re: bonds, notes, stocks, conditional sales contracts, debentures, stock dividends, etc. |
| MAC | Miscellaneous accounting case |
| MET | Municipal Electric Tax |
| MIS | Miscellaneous |
| RAI | Rate cases |
| REC | Reconciliation cases re: fuel adjustment clauses and purchased gas adjustment clauses |
| RES | Alternative retail electric supplier |
| RIC | Rate investigation case |
| RID | Application for rider/rate revision or establishment |
| RUL | Rulemaking |
| SDW | Solid waste energy facility qualification |
| TDD | Telecommunication device for the deaf |
| TRF | Tariff/Contract filings (Not general rate case) |
| 911 | Application under "9-1-1" (emergency phone number) |

(ii) a description of the allocation of the Commission's budget, identifying amounts budgeted for each significant regulatory function or activity and for each department, bureau, section, division, or office of the Commission and its employees.

(iii) a description of current employee levels, identifying any change occurring during the year in the number of employees, personnel policies, and practices or compensation levels; and identifying the number and type of employees assigned to each Commission regulatory function and to each department, bureau, section, division, or office of the Commission.

The following table on shows the Commission's budget and authorized headcount by divisions and funding source.

TABLE 1-3
Budget and Headcount by Division
Fiscal year 2000



Head count is shown at the authorized level.
Budget \$ shown represent the FY99 appropriation

(1-d) a description of any significant changes in Commission policies, programs or practices with respect to agency organization and administration, hearings and procedures or substantive regulatory activity.

AGENCY ORGANIZATION AND ADMINISTRATION

There were no significant changes in Commission policies or programs with respect to agency organization or administration in 1999.

SECTION 2

A Discussion of the Utility Industry in Illinois

2. A discussion and analysis of the state of each utility industry regulated by the Commission and significant changes, trends and developments therein, including the number of types of firms offering each utility service, existing, new and prospective technologies, variations in the quality, availability and price for utility services in different geographic areas of the State, and any other industry factors or circumstances which may affect the public interest or the regulation of such industries.

SIGNIFICANT CHANGES AND TRENDS IN THE UTILITY INDUSTRY

For a discussion of changes and trends in the natural gas and electric power industry, see Section 8 of this report.

DISCUSSION OF THE QUALITY, AVAILABILITY, AND PRICE OF UTILITY SERVICES BY GEOGRAPHIC AREA

ELECTRICITY

Electric service to retail customers is provided in the State of Illinois by the following nine investor-owned public utilities.

Alliant
Ameren CIPS
Ameren UE
Central Illinois Light Company
Commonwealth Edison Company
Illinois Power Company
MidAmerican Energy Company
Mt. Carmel Public Utility Company
South Beloit Water, Gas and Electric Company

Electric service is also provided in Illinois through municipal systems and electric cooperatives, neither of which is regulated by the Commission. Data as to the quality, availability, and price of electric service are not reported to the Commission by these providers and will not be a subject of this report.

Northern Illinois

Electricity is sold in northern Illinois by four electric utilities: Alliant, Commonwealth Edison Company, MidAmerican Energy Company, and South Beloit Water, Gas and Electric Company. Commonwealth Edison Company is by far the largest investor-owned electric utility in Illinois, serving 3,444,714 customers in 396 communities. Included in its service territory is the Chicago metropolitan area. MidAmerican Energy Company provides service to 84,414 customers in 42 communities in northwestern Illinois. Alliant has 11,006 customers in 13 communities also in northwestern Illinois. South Beloit Water, Gas and Electric Company provides electrical service to 7,433 customers in 8 communities adjacent to the Wisconsin border.

In late July and early August 1999, Commonwealth Edison Company experienced 6 large outages as a result of failed distribution equipment. As a result of these outages the Commission opened an investigation into ComEd's transmission and distribution system reliability. The first phase of this investigation is to look into the causes of the outages in July and August. The second and third phases of the investigation are to look specifically at the design of ComEd's transmission and distribution system.

Northern Illinois' electric generation capacity for the 1999 summer was adequate for the first time in three years. The peak load experienced by utilities were as much as 10% higher than expected. Extremely hot weather the last week of July and strong economic conditions contributed to higher peak loads. Capacity

has increased significantly since the summer of 1998. The return to service of ComEd's LaSalle nuclear plant added about 2000 MW for ComEd. In addition, 850 MW of new combustion turbine "peaking units" were available to ComEd from unregulated merchant plants. ComEd did use its interruptible loads a few times, however, no appeals to the public to reduce usage or voltage reductions were necessary.

The capacity outlook for summer of 2000 will further improve. Over 1700 MW of new merchant plants are in various stages of construction and planned for completion in 2000. Developers have plans for 5,000 MW more. However, proposals for plants in Lake and McHenry Counties have run into local opposition at zoning proceedings. The new plant activity in Illinois is being fueled by:

- a general need for power in the Midwest,
- the absence of the requirement for a certificate of need from the ICC, and
- the opening of the Illinois retail market.

The price of electricity sold by these four utilities varied between utilities and within utilities depending upon the class of customer served. Table 2-1 on page 11 shows detailed price per Kwh information for all electric utilities under ICC jurisdiction.

The average price per Kwh for 1993-1998 for the four utilities is as follows:

| | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> |
|---------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Alliant | 5.12¢ | 4.95¢ | 5.02¢ | 4.75¢ | 4.69¢ | 4.87¢ |
| Commonwealth Edison | 7.39 | 7.32 | 7.49 | 7.53 | 7.38 | 7.26 |
| MidAmerican | 5.76 | 6.18 | 6.60 | 5.47 | 4.92 | 5.03 |
| South Beloit | 4.94 | 4.79 | 4.58 | 4.30 | 4.44 | 4.74 |

Central Illinois

Electric service is provided to central Illinois by three investor-owned electric utilities: Ameren CIPS, Central Illinois Light Company (CILCO), and Illinois Power Company (IP). Ameren CIPS and IP also provide service to southern Illinois. CILCO serves 195,244 customers in central Illinois in the Peoria area and 108 other communities. Ameren CIPS provides service to 561 communities across central and southern Illinois with a total customer population of 322,847. IP serves 567,760 customers in 421 Illinois communities in central and southern Illinois.

Central and southern Illinois' electric generating capacity was adequate for the 1999 summer peak. The peak load experienced by utilities were as much as 10% higher than expected. Extremely hot weather the last week of July and strong economic conditions contributed to her peak loads. Capacity has increased in central Illinois as well. The return of the 930 MW Clinton plant was a major addition. Illinois Power also built 176 MW of new "peaking units" and returned to service more than 250 MW of mothballed plants. In the coming years, there are several proposals for new merchant plants in central and southern Illinois. Ameren has announced several sites throughout the region. Cogeneration developers propose a variety of new plants in the Wood River industrial area. Several developers have recently announced plans for new plants in central Illinois. The new plant activity in central and southern Illinois is being fueled by the same factors mentioned above.

The average price per Kwh for 1993-1998 for the three utilities is as follows:

| | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Ameren CIPS | 4.68¢ | 4.89¢ | 4.97¢ | 4.93¢ | 5.09¢ | 5.19¢ |
| CILCO | 5.46 | 5.35 | 5.47 | 5.15 | 5.24 | 5.39 |
| Illinois Power | 5.61 | 5.79 | 6.15 | 5.76 | 5.63 | 5.13 |

**TABLE 2-1
ILLINOIS ELECTRIC UTILITIES
REVENUE PER KWH BY CLASS OF SERVICE BY COMPANY
1998**

(Cents)

| <u>COMPANY</u> | <u>CILCO</u> | <u>AMEREN CIPS</u> | <u>COM ED</u> | <u>IL POWER</u> | <u>INTER- ST PWR</u> | <u>MID AMER</u> | <u>MT. CARMEL</u> | <u>SOUTH BELOIT</u> | <u>AMEREN UE</u> |
|--|--------------|------------------------|-------------------|---------------------|--------------------------|---------------------|-----------------------|-------------------------|----------------------|
| <u>CLASS OF SERVICE</u> | | | | | | | | | |
| RESIDENTIAL SALES | 7.49 | 8.10 | 10.66 | 9.58 | 6.67 | 8.49 | 8.21 | 6.42 | 7.09 |
| LARGE (INDUSTRIAL) | 3.79 | 4.57 | 5.85 | 4.29 | 3.78 | 3.87 | 5.65 | 3.85 | 2.87 |
| SMALL (COMMERCIAL) | 6.74 | 6.91 | 8.10 | 8.12 | 6.62 | 6.10 | 9.00 | 5.45 | 5.37 |
| PUBLIC STREET & HIGHWAY LIGHTING | 5.31 | 6.72 | 7.80 | 7.04 | 16.53 | 8.78 | 0.00 | 10.41 | 8.61 |
| OTHER SALES TO PUB- LIC AUTHORITIES | 0.00 | 5.92 | 6.75 | 6.82 | 0.57 | 5.64 | 6.21 | 0.00 | 0.00 |
| SALES TO RAILROADS AND RAILWAYS | 0.00 | 0.00 | 7.16 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TOTAL SALES TO UL- TIMATE CUSTOMERS | 5.78 | 6.61 | 8.07 | 6.64 | 4.88 | 6.18 | 6.90 | 4.84 | 4.05 |
| SALES FOR RESALE | 2.43 | 2.70 | 2.69 | 3.44 | 3.99 | 1.94 | 3.58 | 1.86 | 0.00 |
| INTERDEPARTMENTAL SALES | 7.16 | 2.90 | 0.00 | 0.00 | 11.81 | 0.00 | 0.00 | 6.27 | 0.00 |
| TOTAL SALES OF ELECTRICITY | 5.39 | 5.19 | 7.26 | 5.13 | 4.87 | 5.03 | 6.81 | 4.74 | 4.05 |

Southern Illinois

Much of southern Illinois is served by Ameren CIPS and IP. Service areas for these companies were discussed in the previous section concerning central Illinois. Customer and price statistics given above include southern Illinois and will not be repeated in this section. Two other utilities will be discussed, as they operate only in southern Illinois.

Missouri-based AmerenUE provides electric service to 62,336 customers in 17 communities in southwestern Illinois. Mt. Carmel Public Utility Company serves 5,661 customers in 2 communities in southeastern Illinois.

The availability of electricity for Southern Illinois was discussed in the section above.

The average price per Kwh for 1993-1998 for the two utilities is as follows:

| | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> |
|------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Ameren UE | 4.63¢ | 4.26¢ | 4.29¢ | 4.21¢ | 3.90¢ | 4.05¢ |
| Mt. Carmel | 5.79 | 5.66 | 5.62 | 5.98 | 6.22 | 6.81 |

NATURAL GAS

Natural gas service is currently provided in the State of Illinois by the 14 investor-owned gas public utilities listed below:

- Alliant
- Ameren CIPS
- Ameren UE
- Central Illinois Light Company
- Consumers Gas Company
- Illinois Gas Company
- Illinois Power Company
- MidAmerican Energy Company
- Mt. Carmel Public Utility Company
- North Shore Gas Company
- Nicor Gas
- Peoples Gas Light and Coke Company
- South Beloit Water, Gas and Electric Company
- United Cities Gas Company

Additional gas service is provided in Illinois by municipal gas systems not subject to regulation by the ICC. For this reason, data concerning quality, availability, and price are not available to the ICC and therefore are not considered in this document.

Northern Illinois

Gas distribution and sale of natural gas is provided in northern Illinois by six public utilities as follows: Alliant, MidAmerican Energy Company, Nicor Gas, North Shore Gas Company, Peoples Gas Light and Coke Company, and South Beloit Water, Gas and Electric Company.

Nicor Gas is the largest gas distribution company in the state providing service to 2,266,470 customers in 545 communities in northern Illinois. Peoples Gas Light and Coke Company, which serves the City of Chicago, is the second largest utility in Illinois with 813,200 customers. North Shore Gas Company serves 141,806 gas customers in 56 communities north of the Chicago area. Of the remaining three companies serving northern Illinois, MidAmerican Energy Company is the largest with 64,795 customers in 27

communities. Alliant serves 5,276 customers, and South Beloit Water, Gas and Electric Company serves 5,951 customers.

During 1999, natural gas service was available without major interruption to customers in the northern Illinois area. A considerable number of commercial and industrial customers chose to purchase gas directly from wholesale suppliers and use the local gas utility as a transporter. During 2000, sufficient supplies of natural gas are expected to be available to all customers.

As with the price of electricity, the price of gas varies among utilities and is generally determined by the supplier of natural gas that serves the local distribution company. Table 2-2 on page 15 shows price per therm by customer class for the Illinois gas utilities. For the northern Illinois utilities, the average price per therm for 1993-1998 is as follows:

| | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | |
|-----------------|-------------|-------------|-------------|-------------|-------------|-------------|-------|
| Alliant | 59.31¢ | 53.34¢ | 48.74¢ | 49.99¢ | 56.05¢ | 55.70¢ | |
| MidAmerican | 45.74 | 48.61 | 43.07 | 50.90 | 56.05 | 48.75 | |
| Nicor Gas | 44.06 | 43.28 | 36.63 | 41.84 | 48.11 | 42.27 | |
| North Shore Gas | 61.74 | 63.07 | 50.30 | 56.97 | 60.32 | 56.43 | |
| Peoples Gas | | 64.90 | 65.04 | 53.16 | 60.66 | 66.02 | 64.09 |
| South Beloit | 49.76 | 48.96 | 45.52 | 44.44 | 58.63 | 66.86 | |

Central Illinois

Gas service is provided in central Illinois by three large distribution companies: Ameren CIPS, Central Illinois Light Company, and Illinois Power Company. CILCO provides gas service to 200,995 customers in 126 communities, the two largest being the Peoria and Springfield metropolitan areas. Ameren CIPS serves mostly rural areas in central and southern Illinois, providing service to 260 communities with a total customer population of 169,203. IP provides gas service to 399,871 customers in various parts of the state, ranging from Galesburg in west-central Illinois to areas in southwestern Illinois and including the East St. Louis metropolitan area.

During 1999, these three utilities provided continuous gas service without extended interruptions to firm customers. A number of large commercial and industrial customers of these utilities have started buying gas directly from wholesale gas producers. This action makes additional gas supplies available to those customers remaining on the local distribution system. Adequate gas supplies to all firm retail customers should continue to be available. In addition, new customers should have no problem securing gas supplies during 2000.

The average price per therm for the three utilities for 1993-1998 is as follows:

| | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> |
|----------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Ameren CIPS | 54.04¢ | 55.34¢ | 53.76¢ | 57.16¢ | 51.29¢ | 52.29¢ |
| CILCO | 50.33 | 50.84 | 46.48 | 53.08 | 55.07 | 50.85 |
| Illinois Power | 50.41 | 49.35 | 43.07 | 47.37 | 61.18 | 52.49 |

Southern Illinois

Gas service is provided in southern Illinois by two large distribution companies; Ameren CIPS and IP discussed earlier, and the following five smaller distribution companies: Ameren UE, Consumers Gas Company, Illinois Gas Company, Mt. Carmel Public Utility Company, and United Cities Gas Company.

Of these five, Ameren UE, Illinois Gas and United Cities provide gas service to more than 10,000 customers. Ameren UE serves 18,193 customers in the Alton metropolitan area in southwestern Illinois, Illinois Gas serves 10,347 customers in the Lawrenceville-Olney area, and United Cities provides service to 24,702 customers in a number of distinct service areas in southern Illinois.

During 1999, gas service to existing customers was adequate and without major interruption. For 2000, uninterrupted service is expected to continue, and it is anticipated that new customer demands can also be accommodated.

The average price per therm for the six utilities for 1993-1998 is as follows:

| | <u>1993</u> | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> |
|---------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Ameren UE | 49.37¢ | 49.09¢ | 42.05¢ | 48.01¢ | 58.38¢ | 48.47¢ |
| Consumers Gas | 47.99 | 49.26 | 45.67 | 54.59 | 54.07 | 51.30 |
| Illinois Gas | 50.48 | 47.35 | 43.80 | 52.68 | 57.22 | 52.27 |
| Mt. Carmel | 45.65 | 48.07 | 47.86 | 44.14 | 52.93 | 54.26 |
| United Cities | 54.37 | 51.82 | 52.44 | 57.67 | 65.86 | 61.24 |

TABLE 2-2

**ILLINOIS GAS UTILITIES
REVENUE PER THERM BY CLASS OF SERVICE BY COMPANY
1998**

(Cents)

| <u>CLASS OF SERVICE</u> | <u>CILCO</u> | <u>AMEREN CIPS</u> | <u>CONS GAS</u> | <u>IL GAS</u> | <u>IL PWR</u> | <u>INTER ST PWR</u> | <u>MID AMER</u> | <u>MT CARME L</u> | <u>NORTH SHORE</u> | <u>NICOR GAS</u> | <u>PEOPLES GAS</u> | <u>SOUTH BELOIT</u> | <u>AMEREN UE</u> | <u>UNITED CITIES</u> |
|---|--------------|------------------------|---------------------|-------------------|-------------------|-------------------------|---------------------|---------------------------|------------------------|----------------------|------------------------|-------------------------|----------------------|--------------------------|
| <u>Residential Sales</u> | | | | | | | | | | | | | | |
| Without Space Heating | 123.48 | 88.61 | 0.00 | 78.29 | 74.11 | 83.84 | 0.00 | 68.73 | 0.00 | 94.94 | 139.38 | 63.75 | 56.11 | 0.00 |
| With Space Heating | 61.55 | 60.13 | 55.27 | 58.70 | 59.84 | 59.44 | 50.69 | 57.03 | 57.44 | 42.11 | 63.26 | 70.47 | 51.03 | 64.96 |
| <u>Commercial and Industrial Sales</u> | | | | | | | | | | | | | | |
| Without Space Heating (Incl. Seasonal Sales) | 45.03 | 38.07 | 0.00 | 47.13 | 37.29 | 41.48 | 0.00 | 86.65 | 46.60 | 41.45 | 58.72 | 54.27 | 64.33 | 0.00 |
| With Space Heating | 45.78 | 57.36 | 46.43 | 51.98 | 47.76 | 51.14 | 45.04 | 49.08 | 52.75 | 42.25 | 55.36 | 66.46 | 48.35 | 53.13 |
| Interruptible | 0.00 | 26.81 | 0.00 | 34.83 | 0.00 | 44.66 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 42.57 | 14.67 | 0.00 |
| Other Sales To Public Authorities | 0.00 | 0.00 | 55.24 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Gas Sales To Ultimate Customers | 55.33 | 53.98 | 52.20 | 52.27 | 53.99 | 55.70 | 48.82 | 54.26 | 56.43 | 42.27 | 64.09 | 66.86 | 48.47 | 61.24 |
| Interdepartmental Sales | 26.71 | 35.89 | 0.00 | 0.00 | 23.75 | 57.46 | 42.39 | 49.09 | 0.00 | 0.00 | 0.00 | 79.82 | 0.00 | 0.00 |
| Sales For Resale | 23.84 | 25.57 | 43.41 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Total Gas Sales | 50.85 | 52.29 | 51.30 | 52.27 | 52.49 | 55.70 | 48.75 | 54.26 | 56.43 | 42.27 | 64.09 | 66.86 | 48.47 | 61.24 |

WATER & SEWER UTILITIES

The Commission currently regulates 34 water, 5 sewer, and 15 combined water and sewer investor-owned utilities, two fewer than the number at the start of 1999. While the number of regulated utilities is a small percentage of the 1,880 public water suppliers and 750 public sanitary sewage systems with treatment facilities in the state, the investor-owned utilities provide water service to almost one million people. The investor-owned utilities are located in 34 counties concentrated in the Chicago metropolitan area with the number of customers served ranging from 22 to 148,000. Only eight utilities serve more than 1,000 customers.

There are currently considerably fewer regulated water/sewer utilities than in the past. The reduced number of regulated water and sewer utilities is partly the result of the overall Commission effort to reduce the number of small utilities. Small systems, due to their limited number of customers, typically have difficulties generating sufficient revenues to hire employees with the necessary expertise to function as a regulated utility.

The Commission has found that, in most cases, customers receive better service at lower rates from larger utilities due to the economies of scale that are realized. The Commission has promoted acquisition of small systems by larger municipally and investor-owned utilities and the merger of smaller systems into larger operations to take advantage of these economies of scale. When acquisitions and mergers are not practical, the possibility of the very small systems being operated as a mutual by a homeowners association is investigated. Mutual operations, which are exempt from Commission jurisdiction, often result in lower costs to customers for very small systems. In 1999, the two utilities no longer regulated were acquired by other regulated utilities.

The problems encountered by small systems were evident again in 1999. The five water utilities (owned by one individual serving a total of 2,000 customers) that were cited by the Commission for poor water service in 1998 filed for Chapter 11 Bankruptcy protection. This action is so recent that little additional data is available but service continues to the customers.

Again in 1999 privatization of a municipal water system took place. Consumers Illinois Water Company acquired the portion of the water system in the Village of Bradley that it did not own. Consumers previously provided water on a wholesale basis to that area and now serves all customers within the Village on a retail basis.

On a national basis there was considerable consolidation among the investor-owned water utilities and several purchases of large national firms by foreign firms. In Illinois, there were a number of acquisitions/purchases of regulated public utilities. The merger of Consumers Water Company, parent of Consumers Illinois Water Company, into Philadelphia Suburban Water Company (PSC) was approved by the Commission and took place, creating the second largest investor-owned utility in the country. Subsequently, Vivendi, a large French firm acquired approximately 20% of the stock of PSC. The merger of National Enterprises Inc., the parent of Continental Water Company which owned Northern Illinois Water Corporation (NIWC), into American Water Works Company (American), the largest investor-owned water company in the country and the parent of Illinois-American Water Company (IAWC) was approved by the Commission and that merger took place. A petition seeking Commission approval of the merger of NIWC into IAWC was filed during the year and a decision is expected on that petition early next year.

American Water Works Company announced two acquisitions/mergers during the year. Pending approval, American is acquiring water systems in certain states (including United Water Illinois, Inc. which serves Lincoln, Illinois) from United Water Resources, Inc. A petition is pending for approval of the purchase of the Lincoln Property and its merger into IAWC. Subsequent to that filing, United Water Resources announced that its stock was being acquired by Suez Lyonnaise des Eaux another large French firm. More recently, American announced the purchase of all water/sewer properties from Citizens Utilities Company (CUC). The Illinois subsidiary of CUC is Citizens Utilities Company of Illinois (CUCI). A petition is expected to be filed soon seeking petition of that purchase and the merger of CUCI into IAWC. If all the reorganizations and mergers are approved and take place, the number of customers provided water service by Illinois-American would increase from 148,000 to more than 250,000, 75% of the investor-owned industry in Illinois.

While of no impact on Illinois, there were several other acquisitions of large water systems during the year. An English firm recently announced that it is acquiring the stock of E Town Corp., parent of Elizabethtown Water Company, a large New Jersey water company. In California, California Water Service Company announced that it had reached agreement to purchase Dominquez Water Corporation and American announced the purchase of SJW, the parent of San Jose Water Co.

Most of the larger water utilities regulated by the Commission serve municipalities adjacent to the state's major rivers, and the utilities use those rivers as their source of water supply. River supplies are generally adequate and the water, when treated, meets the criteria established by the Illinois Environmental Protection Agency except for nitrate levels in some rivers and wells which exceed the standards during periods of heavy water run-off from agricultural lands.

Northern Illinois Water Corporation is continuing a project in the Streator area to discuss the application of nitrogen based fertilizer with the farming community in an effort to reduce the introduction of nitrogen into the streams tributary to the Vermilion River. That project seems to be a success since the nitrate levels in the river have decreased and for three years the nitrate levels in finished water have been below the maximum standards. If this program is not successful and Northern must install treatment equipment to remove nitrates from the raw water, a substantial increase in the water rates charged to customers in the Streator system would result.

Consumers Illinois Water Company, Danville Division, has periodically experienced levels of nitrate in the raw water in excess of the maximum allowed by the Environmental Protection Agency and has decided to construct an ion exchange treatment system to reduce the nitrate level below the Maximum Contaminant Level. The utility currently has a petition seeking approval of a bond issuance that will provide funds to construct the treatment system.

Most smaller systems serve unincorporated residential developments -- often a single subdivision -- and are typically located in the northern half of the state. Wells serve as the source of supply for most small systems. Well water quality varies considerably and can contain undesirable minerals such as iron, manganese and calcium that, while not injurious to health, do cause aesthetic problems. Aesthetic problems have caused several utilities located in the Chicago metropolitan area to obtain Lake Michigan water.

As indicated in last year's report, Citizens Water Resources Corporation was granted a certificate as a Water Common Carrier by Pipeline to construct and operate an eighteen mile pipeline to transport Lake water from Bedford Park to its affiliate, Citizens Utilities Company of Illinois for distribution to its Bolingbrook and Homer Township service areas and to the Village of Bolingbrook for distribution to customers in the Village-owned portion of the Bolingbrook water system. Construction of that line has been delayed, and is now expected to start next year. It is unknown at this point if the acquisition of CUCI by American will have any effect on this project.

Because of the substantial costs involved in obtaining Lake Michigan water, customers are polled to determine whether they are willing to pay the cost of obtaining that water in cases where Lake water is sought to eliminate aesthetic problems. In virtually every instance where Lake water is available, customers voted overwhelmingly in favor of efforts to acquire such a supply in spite of the substantially increased cost which often is in the range of \$3.00 per 1,000 gallons.

Water supplies were generally adequate in 1999. The Illinois-American Water Company has started construction of a new water treatment plant to replace the Alton water treatment plant which experienced flooding during 1993 and is expected to be completed in 2000.

Only one investor-owned sanitary sewer system provides service to more than 5,000 customers. The other sewer systems are small, although one does provide service to a major manufacturing plant. Some of the systems have difficulty meeting the stream discharge standards established by the Illinois Environmental Protection Agency. Due to the prohibitive cost of constructing new sewage treatment plants for a limited number of customers, the smallest systems have, where possible, sought treatment from nearby regional

plants. All sewer utilities located within the boundaries of the Metropolitan Water Reclamation District of Greater Chicago (MWRD) discharge their waste to the MWRD for treatment. The investor-owned sewer systems provide service primarily to residential customers and serve a very limited number of commercial and industrial customers.

Table 2-3 on page 20 is a comparison of bills for water usage by utilities providing service to 1,000 customers or more.

Bills for sewer service are typically flat rate charges since metering of sewage flow is uneconomical and impractical for residential customers. The rates vary considerably and depend on many factors, including the age of the treatment plant and treatment criteria for the receiving stream. In some instances, the rates do not reflect the cost of treatment which is ultimately recovered through taxation by a municipal corporation (such as the MWRD). Other utilities have recently completed new treatment plants, and rates in the range of \$40 to \$73 per month reflect the substantial investment in such facilities. Overall, rates for single-family homes average \$25-30 per month.

Financial Health of The Utility Industry In Illinois

Bond ratings are the single most comprehensive and widely accepted measure of the financial condition of a business enterprise. Several independent financial research firms provide rating services which categorize corporate debt issues on the basis of risk. Virtually all of the major electric and natural gas utilities serving Illinois have ratings assigned to their bond issues.

There is no formula for determining bond ratings. In assigning ratings to a firm's debt, rating agencies give consideration to both qualitative and quantitative factors. For a public utility, the financial aspects reviewed by rating agencies can be separated into six criteria: debt leverage, construction and asset concentration risks, earnings protection, financial flexibility and capital attraction, cash flow adequacy, and accounting quality. Non-financial rating criteria include service territory characteristics, fuel supply and generating capacity, operating efficiency, regulatory treatment, and management.

The following table shows the nationwide electric utility industry average bond rating, as well as the ratings for the seven major electric utilities serving the State of Illinois. MidAmerican Energy, Alliant, and AmerenUE have the majority of their operations in other states.

Electric Utility Bond Ratings by Standard and Poor's
1994 to Present

| | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> |
|-----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Electric Utility Industry Average | A- | A- | A- | A- | A- | A- |
| Alliant | A+ | A+ | A+ | A+ | A+ | A+ |
| AmerenCIPS | AA+ | AA+ | AA+ | AA+ | AA- | AA- |
| AmerenUE | AA- | AA- | AA- | AA- | AA- | AA- |
| Central Illinois Light Company | AA- | AA- | AA- | AA- | AA- | BBB- |
| Commonwealth Edison Company | BBB | BBB | BBB | BBB | BBB | BBB+ |
| Illinois Power Company | BBB | BBB | BBB | BBB | BBB | BBB |
| MidAmerican Energy | AA- | A+ | A+ | A+ | AA- | A+ |

Like the electric utilities, natural gas distribution companies receive ratings on their debt which reflect the individual company's financial condition. The table below presents bond ratings for the three major natural gas

distribution utilities serving the State of Illinois and the average bond rating for the nationwide natural gas distribution industry.

Gas Utility Bond Ratings by Standard and Poor's
1994 to Present

| | <u>1994</u> | <u>1995</u> | <u>1996</u> | <u>1997</u> | <u>1998</u> | <u>1999</u> |
|------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Gas Distribution Industry Average | A | A | A | A- | A- | A |
| Nicor Gas | AA | AA | AA | AA | AA | AA |
| North Shore Gas Company | AA- | AA- | AA- | AA- | AA- | AA- |
| Peoples Gas Light and Coke Company | AA- | AA- | AA- | AA- | AA- | AA- |

Currently, none of the water utilities serving the State of Illinois have ratings assigned to their debt.

Table 2-3
ILLINOIS WATER UTILITIES
COMPARISON OF WATER BILLS
FOR CUSTOMERS WITH 5/8" METERS
UTILITIES WITH 1,000 OR MORE CUSTOMERS

| | | | WATER USAGE | | | | | |
|----------|--------------------|------------------|------------------|----------------|----------------|----------------|----------------|----------------|
| | | | NUMBER OF | 4,000 | 6,000 | 8,000 | 10,000 | 15,000 |
| | <u>UTILITY</u> | <u>DISTRICT</u> | <u>CUSTOMERS</u> | <u>GALLONS</u> | <u>GALLONS</u> | <u>GALLONS</u> | <u>GALLONS</u> | <u>GALLONS</u> |
| | | | <u>RS</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | <u>\$</u> | |
| NORTHERN | Citizens Utilities | Well Water | 17,900 | \$18.46 | \$23.14 | \$27.82 | \$32.50 | \$44.20 |
| | | Lake Water | 18,805 | | | | | |
| | | Alpine Heights | 201 | 27.50 | 36.70 | 45.90 | 55.10 | 78.10 |
| | | Chicago | 7,754 | 27.74 | 37.06 | 46.38 | 55.70 | 79.00 |
| | Consumers Illinois | DuPage County | 6,847 | 31.66 | 42.94 | 54.22 | 65.50 | 93.70 |
| | | Fernway | 2,014 | 26.26 | 34.84 | 43.42 | 52.00 | 73.45 |
| | | Moreland | 176 | 16.98 | 20.92 | 24.86 | 28.80 | 38.65 |
| | | Waycinden | 1,813 | 28.10 | 37.60 | 47.10 | 56.60 | 80.35 |
| | | Candlewick | 2,510 | 15.59 | 20.31 | 25.03 | 29.75 | 41.55 |
| | | Kankakee | 19,076 | 19.17 | 22.96 | 26.75 | 30.54 | 40.01 |
| | | University Park | 1,591 | 18.49 | 21.77 | 25.04 | 28.31 | 36.49 |
| | | Galena Territory | 1,705 | 20.52 | 25.56 | 30.60 | 35.64 | 48.24 |
| | Northern Illinois | Sterling | 6,814 | 20.23 | 24.49 | 28.74 | 33.00 | 43.65 |
| | Whispering Hills | | 2,117 | 17.54 | 23.74 | 29.94 | 36.14 | 51.64 |
| | South Beloit | | 1,857 | 9.73 | 12.80 | 15.87 | 18.93 | 26.60 |
| CENTRAL | Illinois-American | Peoria | 48,105 | 24.12 | 29.42 | 34.71 | 40.01 | 53.26 |
| | Northern Illinois | Champaign | 42,746 | 16.50 | 20.39 | 24.28 | 28.18 | 37.91 |
| | Consumers Illinois | Inter-State | 17,259 | 25.35 | 31.60 | 37.85 | 44.10 | 59.73 |
| | Illinois-American | Pekin | 13,436 | 20.19 | 23.84 | 27.48 | 31.13 | 40.24 |
| | Northern Illinois | Streator | 8,053 | 22.14 | 27.31 | 32.48 | 37.66 | 50.59 |
| | United Water | Lincoln | 5,871 | 21.31 | 27.76 | 34.21 | 40.67 | 56.80 |
| | Northern Illinois | Pontiac | 4,336 | 25.99 | 32.07 | 38.15 | 44.23 | 59.43 |
| SOUTHERN | Illinois-American | Southern | 85,325 | 22.33 | 27.63 | 32.92 | 38.22 | 51.47 |

DISCLAIMER: While an effort has been made to insure the accuracy of these statistics, it is not possible to vouch for their complete accuracy.

SECTION 3

A Discussion of Energy Planning

(3) *A Specific Discussion of the Energy Planning Responsibilities and Activities of the Commission and Energy Utilities Including:*

(a) *the extent to which conservation, cogeneration, renewable energy technologies and improvements in energy efficiency are being utilized by energy consumers, the extent to which additional potential exists for the economical utilization of such supplies, and a description of existing and proposed programs and policies designed to promote and encourage such utilization;*

(b) *"A Description of each Energy Plan filed with the Commission pursuant to the Provisions of this Act and a copy or detailed summary of the most recent energy plans adopted by the Commission."*

(c) *"A Discussion of the Powers by which the Commission is implementing the Planning Responsibilities of Article VIII, including the description of the staff and budget assigned to such function, the procedures by which Commission staff reviews and analyzes energy plans submitted by utilities, Department of Energy and Natural Resources, and any other person or party."*

**ENERGY PROGRAMS DIVISION
INTEGRATED RESOURCE PLANNING**

Integrated Resource Planning Program

Section 8-402 of the Public Utilities Act, which set forth the Commission's resource planning responsibilities, was repealed by P.A. 90-561, effective December 16, 1997.

COGENERATION

Commission Rule

The rules for the transfer of electric power between independent generating facilities and regulated electric utilities in Illinois are established by 83 Ill. Adm. Code Part 430. All utilities operating in Illinois must abide by these rules except for cooperatives and municipal utilities which are not regulated by the Commission.

The most important portion of the rules is the requirement that a utility must purchase cogenerated power at a price commensurate with the utility's avoided cost. Table 3-1 on page 24 lists 1999 avoided costs as filed annually by Illinois electric utilities.

Current Status

Section 8-403 of the Public Utilities Act requires the Commission to conduct a study of procedures and policies to encourage the full and economical utilization of cogeneration and small power production. Pursuant to Section 8-403, the Commission submitted reports to the Governor and General Assembly in 1986 and 1987.

Special Rates

Cogeneration/self generation displacement and deferral rates can be in the form of special contracts or designed as tariffs. In each case the Commission's position has been to promote economic cogeneration or self generation, while avoiding uneconomic bypass of the utility's system. When the cogeneration or self generation discount rate brings a customer's individual rate closer to the utility's marginal cost of providing service, uneconomic bypass is less likely to occur.

TABLE 3-1
Avoided Cost Rate Structure of Illinois Electric Utilities (1)
(1999)

| | Summer Rates | Winter Rates | |
|---------------------------------|--------------|--------------|--|
| Central Illinois Light | | | |
| 1.88¢/Kwh | On-Peak | 1.93¢/Kwh | |
| 1.70¢/Kwh | Off-Peak | 1.60¢/Kwh | |
| Central Illinois Public Service | | | |
| 1.52¢/Kwh | On-Peak | 1.74¢/Kwh | |
| 1.43¢/Kwh | Off-Peak | 1.31¢/Kwh | |
| Commonwealth Edison | | | |
| 1.38¢/Kwh | On-Peak | 1.54¢/Kwh | |
| 0.84¢/Kwh | Off-Peak | 0.74¢/Kwh | |
| Illinois Power | | | |
| 2.10¢/Kwh | On-Peak | 2.15¢/Kwh | |
| 1.48¢/Kwh | Off-Peak | 1.27¢/Kwh | |
| Interstate Power | | | |
| 2.60¢/Kwh | On-Peak | 2.54¢/Kwh | |
| 1.09¢/Kwh | Off-Peak | 0.97¢/Kwh | |
| MidAmerican Energy | | | |
| 1.47¢/Kwh | On-Peak | 1.97¢/Kwh | |
| 1.10¢/Kwh | Off-Peak | 1.12¢/Kwh | |
| Mt. Carmel Public Utility | | | |
| 1.61¢/Kwh | On-Peak | 1.61¢/Kwh | |
| 1.61¢/Kwh | Off-Peak | 1.61¢/Kwh | |

South Beloit Water Gas & Electric

| | | | |
|-----------|----------|-----------|--|
| 3.03¢/Kwh | On-Peak | 2.91¢/Kwh | |
| 1.30¢/Kwh | Off-Peak | 1.16¢/Kwh | |

Union Electric

| | | | |
|-----------|----------|-----------|--|
| 1.52¢/Kwh | On-Peak | 1.74¢/Kwh | |
| 1.49¢/Kwh | Off-Peak | 1.34¢/Kwh | |

Source: Annual Filings of Illinois electric utilities pursuant to 83 Ill. Adm. Code 430.110.

(1) Time differentiated rate pricing is shown at transmission or subtransmission levels where possible; additional credits available at lower voltages, loads, and times (except for Mt. Carmel). See each utility filing for exact avoided energy costs under specific conditions.

SECTION 4

Availability of Utility Services to All Persons

(4) A discussion of the extent to which utility services are available to all Illinois citizens including:

(a) Percentage and number of persons or households requiring each such service who are not receiving such service, and the reasons therefore, including specifically the number of such persons or households who are unable to afford such service.

The information necessary to determine the number of persons lacking utility service within the state is difficult to obtain. Part of the difficulty is that all utility companies within the state track accounts by residence and not by customer name. Thus a utility could determine if a particular residence was disconnected and therefore no longer receiving service, but the utility would have no way of knowing whether that household regained service under another name in its own service territory or perhaps under the same name in a different service territory. In addition, persons disconnected might also move in with an acquaintance already receiving service or they might acquire service supplied by an electric co-operative or municipality over which we have no jurisdiction. Further, if the intent of the question is to ascertain the number of persons without access to a source of heat, the existence of non-utility sources such as wood stoves and kerosene heaters would further complicate the answer, thus the myriad of possibilities makes a truly accurate figure very elusive.

Although the Commission has limited resources available to determine the number of persons within the state lacking some type of utility service, and granting the uncertainty in accuracy of such a statistic, an estimate may be obtained by analyzing the disconnection and reconnection data provided to the Commission by all utilities.

To determine a rough estimate of the number of persons lacking utility service, one can look at the aggregate disconnection/reconnection figures for a 12-month period. The results for the period of October 1998 through September 1999 are as follows.

The average total residential class customer base equaled 6,802,819 households. In this class 212,952 accounts were disconnected and 135,992 were reconnected. This yields a 64 percent reconnection rate leaving 74,960 accounts not reconnected. The disconnected accounts represent 3.1 percent of the average residential customer base, while those accounts not reconnected represent a rate of 2 percent.

(4-b) a critical analysis of existing programs designed to promote and preserve the availability and affordability of utility services.

The Commission is aware of its obligations to minimize the dangers arising from unnecessary termination of gas and/or electric space heating service during the winter months. To minimize these dangers and be responsive to the needs of both Illinois consumers and the utilities which serve those consumers, the Commission has developed rules and regulations concerning the termination and reconnection of space heating service during the winter months. Many of these rules have since been enacted into law. In addition, the Commission has continued to refine its other rules regarding utility credit and collection activities to help Illinois utility consumers make timely payments on their obligations to utility companies and thus avoid termination of utility service. The following discussion is a synopsis of current regulations designed to promote and preserve the availability and affordability of residential utility services.

Temperature-Based Termination

If gas or electric service is the only source of space heating or if electricity is used to control the only space heating equipment such as an electric blower fan on a gas furnace, these services may not be disconnected on any day when the National Weather Service forecasts that the temperature for the next 4 hours will be 32° or below, or on a day before a holiday or weekend when the weather is forecasted to be 32° or below any time before the next business day. Two utilities did not disconnect any residential customers for nonpayment from December 1, 1998, through March 31, 1999. Several possible reasons for the absence of disconnections for these companies include the complexities of the disconnection and notice provisions of Commission rules, as well as the public relations position taken by some of the utilities.

Preferred Payment Date

Current residential customers who receive certain types of benefit checks out of cycle with their utility bills are allowed up to ten days subsequent to the customer's regular due date to make payment without penalty. This has benefitted the low income, elderly, and unemployed customers since they are able to avoid late payment charges and, in many cases, avoid paying a deposit to the utility.

Deferred Payment Agreement

This agreement allows a customer who owes the utility for a past due bill to maintain utility service by paying the past due amount in installments over a period of four to twelve months while continuing to pay current bills as they become due. Of the customers whose service was reconnected during the winter of 1998 - 99 and who were given a payment plan, 72 percent were allowed 6 months or longer to pay the past due amount. Depending on the outstanding amount, the amount of the current bills, and the customer's income, this rule helps many customers, but it falls short of assisting those customers who simply have utility bills that are greater than their income can afford. Commission rules do allow for reinstatement after default and renegotiation of the payment agreement if the customer's financial circumstances change for the worse.

Reconnection

This rule provides that residential customers disconnected prior to the winter heating season and those customers disconnected during the winter heating season (December 1 through March 31) may be reconnected upon the payment of one third of the amount due to the company. If financial inability to pay this amount is shown, one-fifth of the amount owed may be paid. The customer then must enter into a payment plan to pay the balance of the outstanding amount owed to the utility. It should be noted that in many cases the amounts paid to have service restored are obtained through grants from community organizations or through the Low Income Home Energy Assistance Program (LIHEAP) administered by Department of Commerce and Community Affairs.

The reconnection rule further states that this provision is available between November 1 and April 1 of the current heating season; that reconnection under this provision cannot be used in two consecutive years; that the former customer must have paid at least one third of the amount billed subsequent to December 1 of the prior year; and that the program is not available if any evidence of tampering with the meter is discovered.

As required in the "winter reconnection" rule, on or about October 1, 1998, letters were sent to 32,578 former customers statewide who, according to utility records, were not then receiving heat related utility service. A total of 6,547 former customers requested that their service be reconnected. Of these, 903 customers were reconnected upon payment of the total bill and 4,589 were reconnected upon payment of a portion of the past due utility bill. Reconnection requests of 1,055 customers were denied. The reasons for denial are categorized as follows:

- 276 former customers failed to make a required down payment;
- 654 former customers failed to pay one-third of the amounts billed since December 1, 1996;
- 96 former customers had been reconnected under this rule last year; and
- 29 former customers resided where equipment tampering or diverted utility service was detected.

The above information indicates that 26,031 former customers did not respond to the inquiries posed by the utilities. It is impossible to determine whether these households are truly without utility service and, if so, why they do not have service.

Financial Assistance:

ICC-regulated utilities participate in the Low Income Home Energy Assistance Program (LIHEAP) administered by the Department of Commerce and Community Affairs. LIHEAP provides a one-time grant to eligible low-income customers.

(4-c) an analysis of the financial impact on utilities and other ratepayers of the inability of some customers or potential customers to afford utility service, including the number of service disconnections and reconnections, and cost thereof and the dollar amount of uncollectible accounts recovered through rates.

Uncollectible expenses for utilities represent revenues billed but not received for services rendered. Efforts are made to recover such revenues, but, after a certain period of time and effort, these amounts are charged as an expense and recovered in the regular rates charged to all customers.

The level of uncollectible expense is not perceived as a significant problem at the privately-owned water and/or sewer utilities in Illinois. Therefore, no effort has been made to analyze in detail the explicit data for those utilities.

To illustrate the amount of uncollectible expense for gas and electric utilities, the year 1998 was chosen. Data for 1998 were used for this analysis since these were the most recent data available at the Commission. The actual amount recovered in utility rates at any one time depends on the test year chosen for the utility's last rate case. For example, if a utility utilized a 1990 test year for its last rate case, the amount of uncollectible expense approved for the test year is embodied in that utility's rates until the next rate case. However, the level of uncollectible expense for the year of the utility's most recent annual report, 1998, was chosen because that year better indicates the current level of uncollectibles. For several utilities which have received recent rate increase, it is likely that a forecasted level of uncollectible expense was utilized which is even more current than 1998 data. In general, the level of uncollectible expense in a rate proceeding is a normalized amount determined through averaging techniques.

Electric Utilities

Total Uncollectible Expense for all companies was \$74,652,889 in 1998 as compared to \$69,294,856 in 1997. This represented 0.72% of Total Operating Revenues of \$10,321,409,756 in 1998 and 0.70% of Total Operating Revenues of \$9,844,428,986 in 1997. Commonwealth Edison Co. had the largest amount of Uncollectible Expenses with \$61,343,877 in 1998 and \$50,574,163 in 1997. This represented 0.86% of Total Operating Revenues in 1998 and 0.72% in 1997. The results are shown in Table 4-1 on page 30.

Table 4-1
 Illinois Electric Utilities
 Comparison of Uncollectible Expense to Total Revenues
 1997-1998

| <u>Company</u> | <u>Uncollectibles</u> | | <u>Revenues</u> | | Percent Uncollectibles to <u>Total Revenues</u> | |
|--------------------------------------|-----------------------|-------------|------------------|-----------------|--|-------------|
| | <u>1998</u> | <u>1997</u> | <u>1998</u> | <u>1997</u> | <u>1998</u> | <u>1997</u> |
| Central Illinois Light Co. | \$1,250,000 | \$1,219,340 | \$360,173,105 | \$338,298,400 | 0.35% | 0.36% |
| Ameren CIPS | 3,678,960 | 3,831,831 | 721,918,287 | 700,516,897 | 0.51% | 0.55% |
| Commonwealth Edison Co. | 61,343,877 | 50,574,163 | 7,135,879,302 | 7,073,086,936 | 0.86% | 0.72% |
| Illinois Power Co. | 6,794,220 | 12,451,625 | 1,781,388,424 | 1,419,941,810 | 0.38% | 0.88% |
| Alliant | 13,767 | 14,506 | 17,382,870 | 19,818,661 | 0.08% | 0.07% |
| MidAmerican Energy Co. * | 420,650 | 444,110 | 125,342,549 | 124,815,124 | 0.34% | 0.36% |
| Mt. Carmel Public Utility Co. | 9,030 | 26,606 | 9,906,397 | 9,226,944 | 0.09% | 0.29% |
| So. Beloit Gas, Water & Electric Co. | 44,069 | 50,096 | 10,638,774 | 9,635,097 | 0.41% | 0.52% |
| Ameren UE | 1,098,316 | 682,579 | 158,780,048 | 149,089,117 | 0.69% | 0.46% |
| Total | \$74,652,889 | 469,294,856 | \$10,321,409,756 | \$9,844,428,986 | 0.72% | 0.70% |

* Illinois Uncollectible Expenses are a ratio of System-wide Uncollectible Expenses.

Table 4-2
 Illinois Gas Utilities
 Comparison of Uncollectible Expense to Total Revenue
 1997-1998

| <u>Company</u> | <u>Uncollectibles</u> | | <u>Revenues</u> | | <u>Percent Uncollectibles to Total Revenues</u> | |
|--------------------------------------|-----------------------|--------------|-----------------|-----------------|---|-------------|
| | <u>1998</u> | <u>1997</u> | <u>1998</u> | <u>1997</u> | <u>1998</u> | <u>1997</u> |
| Central Illinois Light Co. | \$1,250,026 | \$1,220,443 | \$180,918,826 | \$219,060,689 | 0.69% | 0.56% |
| Ameren CIPS | 588,000 | 626,506 | 125,505,712 | 151,558,697 | 0.47% | 0.41% |
| Consumers Gas Co. | 25,023 | 34,000 | 3,775,784 | 4,794,278 | 0.66% | 0.71% |
| Illinois Gas Co. | 38,909 | 51,134 | 7,435,647 | 9,067,743 | 0.52% | 0.56% |
| Illinois Power Co. | 3,343,614 | 5,092,328 | 287,757,819 | 353,899,189 | 1.16% | 1.44% |
| Alliant | 6,159 | 7,130 | 3,628,536 | 4,831,105 | 0.17% | 0.15% |
| MidAmerican Energy Co. * | 305,112 | 376,766 | 44,230,548 | 59,843,598 | 0.69% | 0.63% |
| Mt. Carmel Public Utility Co. | 5,863 | 15,876 | 2,312,535 | 2,654,515 | 0.25% | 0.60% |
| North Shore Gas Co. | 652,219 | 834,703 | 131,336,561 | 167,896,833 | 0.50% | 0.50% |
| Nicor Gas | 12,617,000 | 15,326,000 | 1,228,997,354 | 1,730,545,776 | 1.03% | 0.89% |
| Peoples Gas Light and Coke Co. | 20,453,557 | 26,326,234 | 835,404,932 | 1,069,772,933 | 2.45% | 2.46% |
| So. Beloit Gas, Water & Electric Co. | 28,428 | 25,543 | 5,307,177 | 5,465,926 | 0.54% | 0.47% |
| Ameren UE | 125,741 | 121,955 | 10,856,499 | 14,265,676 | 1.16% | 0.85% |
| United Cities Gas Co. * | 55,530 | 77,090 | 15,823,027 | 20,600,640 | 0.35% | 0.37% |
| Total | \$39,495,181 | \$50,135,708 | \$2,883,290,957 | \$3,814,257,598 | 1.37% | 1.31% |

* Illinois Uncollectible Expenses are a ratio of System-wide Uncollectible Expenses.

Gas Utilities

Total Uncollectible Expense for all companies was \$39,485,181 in 1998 as compared to \$50,135,708 in 1997. This represents 1.37% of Total Operating Revenues of \$2,883,290,957 in 1998 and 1.31% of Total Operating Revenues of \$3,814,257,598 in 1997. Peoples Gas Light and Coke Co. had the largest amount of Uncollectible Expenses with \$20,453,557 in 1998 and \$26,326,234 in 1997. This represented 2.45% of Total Operating Revenues in 1998 and 2.46% in 1997. The results are shown in Table 4-2 on page 31.

CONSUMER EDUCATION ACTIVITIES

Customer Choice—"Plug In Illinois"

Section 16-117 of the Public Utilities Act, the Illinois Electric Service Customer Choice Rate and Rate Relief Law of 1997, restructures the state's electric utility industry. It requires the Illinois Commerce Commission to maintain a consumer education program to provide residential and small commercial retail customers with information to help them understand their service options, rights, and responsibilities. In accordance with the law, the ICC formed a working group in July 1998 consisting of representatives of the investor-owned utilities, alternative retail electric suppliers (ARES), consumer organizations, and ICC staff to develop the information.

To meet the mandate, the working group developed a competitively-neutral brochure and bill insert for small commercial retail customers and made recommendations for the consumer education plan's implementation. The Commission approved the materials in March 1999.

The working group also assisted in the development of an informative videotape and the web site's content. Legislators were given the opportunity to preview the information in mid-April. The materials and video were presented at statewide gathering of business groups (including Illinois Retail Merchants Association, Illinois Manufacturing Association, Illinois State Chamber of Commerce, National Federation of Independent Business) in mid-April as well, at which Executive Director Charles Fisher and Chairman Richard Mathias gave a presentation on electric restructuring and the ICC's role in educating customers.

Because the law provides for a phased-in schedule for customer choice, this year's efforts targeted those first eligible. As of October 1, 1999, approximately 66,000 non-residential customers became eligible.

Utilities completed the required mailing of the bill insert by May 15, 1999. The brochures were made available through the ICC's toll-free phone number and the Plug In Illinois electric restructuring web site. Brochures were also mailed to lottery/eligible customers.

Media and outreach efforts helped educate the business community at large prior to the lottery process, and additional efforts prior to the October 1, 1999 choice date also focused on the subject. To that end 460 media kits were sent to Illinois newspapers, radio and television stations. Follow up calls to reporters at news wire services, daily and weekly newspapers, and business trades resulted in about 50 placed stories and interviews with ICC spokespersons. An audio news release was distributed with more than 80 news broadcasts and 50 confirmed story placements. A video news release was made available via satellite and resulted in confirmed broadcast on 14 Illinois television stations. A public service announcement distributed in mid-September earned broadcast commitments from more than 20 stations and cable systems through October and mid-November. Trade advertisements were placed in business publications to make business customers aware of the availability of information from the ICC and the ICC's web site.

The ICC Plug In Illinois web site contains an overview of choice and the electric service industry, the brochure content in text form as well as the brochure and bill insert in downloadable formats, a timeline, eligibility and lottery information, a list of suppliers (both certified and pending), frequently asked questions, and other information. It also includes e-mail links for comments, questions, and complaints and a survey box for users to indicate if they found the web site helpful. The web site continues to be

updated with new and additional information, including ARES/supplier changes, as needed, to enhance its effectiveness.

Since the web site came on line March 31, 1999, the web site has recorded more than 15,000 "hits" -- peaking during the lottery eligibility period and increasing again mid-September through mid-November, coinciding with the beginning of electric choice. A short survey is included on the web site as well, with 87% of respondents indicating that the site was helpful.

A survey was conducted in December 1999 interviewing 250 small retail commercial customers statewide to assess the effectiveness of the consumer education program. Highlights of the survey are:

- Most respondents have heard at least "a little" about the restructuring of the Illinois electric utility industry.
- More than two-thirds have heard or read something regarding the benefits of choosing an alternative supplier.
- A large majority is aware of the option to choose an electric supplier.
- Interest in receiving additional information about choices for electric power is high.
- A majority has received additional information about choices for electric power from their utility.
- Almost half of respondents are aware that additional information about electrical service restructuring is available from Illinois Commerce Commission.

Additionally, the ICC requested comments from all certified ARES, utilities, Consumer Education Working Group Members, and the public (as requested through the ICC web site) regarding the effectiveness of the consumer education materials. Overall, the comments were favorable: "well-done and sufficient to give customers a background on the deregulation process and how it affects them", "quite good", "easy to understand", and "extremely helpful." Suggestions included: distributing the materials in the lobbies of state buildings, providing more detail on choice options, and providing additional links from our web site.

More than 79,000 brochures, more than 360,000 bill inserts, and more than 100 videos have been distributed through the ICC web site and the ICC toll-free number and by utilities, ARES, and other organizations.

SECTION 5

Implementation of the Commission's Statutory Responsibilities

(5) A detailed description of the means by which the Commission is implementing its new statutory responsibilities under this Act, and the status of such implementation, including specifically:

(5-a) Commission reorganization resulting from the addition of an Executive Director and hearing examiner qualifications and review.

During 1999, there were no organizational changes resulting from statutory responsibilities. Various changes made since the passage of the new Public Utilities Act have been reported in previous Commission annual reports. Ongoing organizational changes are reported on page 6.

(5-b) Commission responsibilities for construction and the rate supervision, including construction cost audits, management audits, excess capacity adjustment, phase-ins of new plant and the means and capability for monitoring and reevaluating existing or future construction projects.

CONSTRUCTION AUDITS

Statutory Requirements

Section 8-407(b) and 9-213 of the new Public Utilities Act grants the Commission the authority to conduct construction audits. Pursuant to Section 8-407(b), the Commission, after granting a certificate of public convenience and necessity for the construction of a new electric generating facility, is granted the authority to perform construction cost audits at any time during construction whenever the Commission has cause to believe that such an audit is necessary or beneficial to the efficiency or economy of construction.

Section 9-213 requires the Commission to perform an audit of the cost of new electric utility generating plants and significant additions to electric utility generating plants to determine if the cost is reasonable prior to including such construction costs in rate base.

Section 8-407(b) and 9-213 both grant the Commission the authority to engage independent consultants to perform these audits. If a construction audit is performed by an independent consultant, the cost will be borne initially by the utility, but shall be recoverable as an expense through normal ratemaking procedures.

Section 8-407(b) is a responsibility placed upon the Commission as a result of the new Act. Section 9-213 is identical to Section 30.1 of the old Act.

Commission Responsibilities

In order to comply with the Public Utilities Act, the Commission must monitor the major construction activities of all electric utilities within the state to assure that such construction is efficient and economical. The Commission is also required (Sec. 8-407(a)) to reevaluate the propriety and necessity at least every two years of each certificate of necessity issued to the construction of a new electric generating facility. In order to comply with the above responsibilities, the Commission has the authority to conduct construction cost audits.

Section 9-213 Activities

No activities were required during 1999.

Section 8-407(b) Activities

In docket no. 98-0856 the Commission granted Illinois Power an emergency certificate of public convenience and necessity to construct a 176MW gas fired combustion turbine generating facility near Danville Illinois. In compliance with section 8-407(b) the Commission order required IP to submit a detailed project schedule and provide a construction and expenditure report twice per month. During 1999, Commission staff reviewed the construction and expenditure reports to ensure the construction was on schedule and was being performed in an efficient and economic manner.

MANAGEMENT AUDITS

Statutory Requirements

The Commission has authority under Section 8-102 of the Public Utilities Act to conduct management audits of public utilities. The Commission may choose to conduct the audits with its own staff or it may contract with independent consultants to perform the management audits. Prior to initiating an audit of a utility, the Commission must determine that reasonable grounds exist to believe an audit is necessary or cost-beneficial.

The statute allows for the costs associated with the use of independent consultants to be borne by the utilities with recovery provided through the normal ratemaking process.

Commission Responsibilities

Prior to initiating a management audit or investigation of a utility, the Commission must have "reasonable grounds to believe that such audit or investigation is necessary to assure that the utility is providing adequate, efficient, reliable, safe, and least-cost service and charging only just and reasonable rates therefor, or that such audit or investigation is likely to be cost beneficial in enhancing the quality of such service or the reasonableness of rates therefor." The Commission shall "issue an order describing the grounds for such audit or investigation and the appropriate scope and nature of such audit or investigation."

No auditing activities were undertaken during 1999.

Excess Capacity and Used and Useful

Section 9-215, the Public Utilities Act (Act) gives the Commission the "power to consider, on a case by case basis, the status of a utility's capacity and to determine whether or not such utility's capacity is in excess of that reasonably necessary to provide adequate and reliable electric service". The Commission is also authorized to make adjustments to rates if a finding of excess capacity is made. This section conditions this authority for generating units whose construction programs started prior to the effective date of the current Act, January 1, 1986. That is, for generating units whose construction started prior to the effective date of the current Act, the Act requires that a determination of excess capacity or utility plant used and useful will be made from that which is appropriate under prior law.

No activities were required during 1999.

RATE MODERATION PLAN

The Public Utilities Act authorizes the Commission to consider the adoption of a rate moderation plan which would lessen rate impacts associated with new power plants coming into service.

During 1999, no new power plants were placed in service in Illinois. As a result, the Commission did not use its authority to adopt a rate moderation plan.

COST-BASED RATES

The Public Utilities Act considers cost-based rates an important component of equity for ratepayers. Specifically, the act states that the cost of supplying public utility services should be allocated to those who cause the costs to be incurred [Sec. 1-102(d)(iii)]. The need to base rates on costs has increased as the utility environment becomes more competitive. A close relationship between rates and costs will discourage uneconomic bypass of the utility system by ratepayers. Uneconomic bypass is costly to the utility, ratepayers and society as a whole.

The Commission made consistent progress towards the establishment of cost-based rates in utility rate cases conducted over the years 1993-1999.

A total of eleven gas and three electric rate cases were filed during this period. Additionally, with the passage of the Electric Service Customer Choice and Rate Relief Law of 1997, nine electric utilities filed cases for delivery service implementation. The gas cases were filed by Iowa-Illinois Gas and Electric (IIGE) which is now Mid-American Energy Company, Illinois Power Company (IP), Central Illinois Light Company (CILCO), People Gas Light and Coke Company (Peoples), North Shore Gas Company (North Shore), Northern Illinois Gas Company (Nicor Gas), Mt. Carmel Public Utility Co.(Mt. Carmel), Illinois Gas Company (IGC), Central Illinois Public Service Company (CIPS) and Union Electric Company (UE). Electric rate cases were filed by IIGE, Commonwealth Edison Company (ComEd) and Mt. Carmel. The electric delivery service cases were filed by ComEd, IP, CIPS, UE, Mt. Carmel, MidAmerican, Cilco, South Beloit Water, Gas and Electric Company (SBWGE) and Interstate Power Company (IPC). Additionally, the same electric companies filed for unbundling of delivery services.

Electric Utilities

In the IIGE electric rate case (Docket Nos. 92-0292, 92-0357 Consolidated), the Commission accepted an interclass revenues allocation which reduced cost subsidies by 25% according to embedded costs and a more cost-based rate design.

In the ComEd case (Docket No. 94-0065), the Commission moved towards cost-based rates based on the equal percentage of marginal costs approach and individual rate elements for all rate classes closer to marginal costs.

The delivery service tariff cases involved nine electric utilities:
CIPS and UE (Docket No. 99-0121)
MidAmerican Energy Company (Docket Nos. 99-0122 & 99-0130)
Cilco (Docket Nos. 99-0119 & 99-0131 cons.)
ComEd (Docket No. 99-0117)
IP (Docket Nos. 99-0120, 99-0134 & 99-0140 cons.)
IPC and SBWGE (Docket Nos. 99-0124, 99-0125, 99-0132 & 00-0133 cons.)
Mt. Carmel (Docket No. 99-0116)

Each delivery service proceeding consisted of taking a test year revenue requirement, which was made up of transmission, distribution and generation components, and separating these components out for cost of service purposes. The generation component will be market based, while the transmission component will be regulated by FERC. The goal of delivery services was to have cost-based delivery service rates, which represent the distribution portion of the electric system. The Commission approved cost-based rates for each utility. Approval of cost-based rates helps facilitate the next stage of deregulation, which is unbundling. Competition for unbundled services will largely depend on cost-based delivery service rates.

In the unbundling cases (Docket No. 99-0013), all nine utilities will file tariffs for the unbundling of services. Staff will review those filings, with an expected Commission Order issued in May 2000. Cost-based rates for unbundled delivery services will be a prime factor in initiating competition in Illinois.

Gas Utilities

In the IIGE case (Docket Nos. 92-0292, 92-0357 Consolidated), the Commission determined that interclass cost subsidies should be reduced subject only to the constraint that no customer class receive a total revenue increase of more than 10% and that individual rate elements should be more closely aligned to costs.

In the IP case (Docket No. 93-0183), the Commission adopted an allocation of base revenues which effectively eliminated interclass subsidies at then-current rate levels.

In the CILCO case (Docket No. 94-0040), the Commission decision was to more closely align rates with costs through a 75% reduction in interclass subsidies and more cost-based rate designs.

In the North Shore and Peoples cases (Dockets no. 95-0031 and 95-0032), the Commission adopted the Average and Peak allocator method. The Commission also made further progress towards cost-based interclass revenue allocations.

In the Nicor Gas case (Docket No. 95-0219), the Commission again adopted the Average and Peak allocator method. The Commission adopted a revenue allocation that significantly reduced interclass subsidies and initiated cost-based rate designs.

In the Mt. Carmel gas and electric case (Docket No. 97-0513), the Company performed a cost of service study (COSS), as did Staff. The Commission concluded that rates agreed to by the parties made movement towards subsidy elimination, while recognizing customer impact concerns.

In the Illinois Gas Company case (Docket No. 98-0298), the Company submitted an embedded cost of service study utilizing GasWorks 1.0, which is a COSS program designed by the Commission Staff. Staff proposed a few minor allocation changes, which the Company accepted. Staff proposed and the Commission accepted Staff's interclass allocation methodology, which eliminated cross-subsidization between rate classes. Staff and the Company agreed to class rate design which made movement towards intraclass subsidy elimination, while recognizing customer impact concerns.

In the CIPS and UE cases (Docket Nos. 98-0545 and 98-0546), both the Company and Staff provided cost of service studies. Staff however, proposed using the average and peak allocation method for allocating capacity-related transmission and distribution costs. The Company accepted Staff's COSS and interclass revenue allocation methodologies in the rebuttal stage of the proceeding. In both cases, Staff proposed basing the customer charge for the general delivery service rates on meter capacity. This resulted in two customer charges, for both CIPS and UE' general service rate class, compared to the Company's proposal of one rate. Staff stated that since there is such a diverse group of customers with substantially different sized meters in the classes, separating them by meter capacity will further eliminate intraclass subsidies. The Company and Commission agreed. The Company and Staff agreed to a rate design methodology that made considerable movement towards intraclass subsidy elimination. All parties agreed that full movement toward fully cost-based rates would cause undue negative customer impacts.

In the MidAmerican case (Docket No. 99-0534) which was filed in September, the Company performed a cost of service study and based the proposed rates on cost of service. Staff of the Commission will review that study and present testimony. An order is expected to be entered by late summer of 2000.

MERGERS

On August 3, 1999, Illinois Power Company filed an application for approval, under Section 7-204, of its reorganization by which Dynegy, Inc. would acquire control of Illinova Corporation (Illinois Power Company's Parent). This application also requested approval of an Interim Service and Facilities Agreement between Illinois Power Company and its affiliated interests under Section 7-101. Following investigation and hearings, an Order was issued approving the reorganization and the Interim Service and Facilities Agreement.

On November 22, 1999, Commonwealth Edison Company filed a Notice of Reorganization describing a merger involving Unicom (ComEd's parent company) and a new holding company, an affiliate of PECO

Energy Company, a Pennsylvania utility company. Because this merger was not a merger between two or more public utilities as defined in Section 3-105, only an informational filing was required.

ASSET TRANSFER OR SALE

The following transactions, involving 15% or more of the utility's net generating capacity, were approved by the Commission. Illinois Power Company's transfer of fossil generating assets to WESCO (Illinova Power Marketing, Inc. a wholly owned subsidiary of Illinova Corporation). The assets were first transferred to Illinova Corporation, who then transferred the assets to WESCO. Commonwealth Edison Company's sale of fossil generating assets to Edison Mission Energy. The assets were first transferred to Unicom Investment Inc. (a wholly-owned subsidiary of Unicom) who then transferred the assets to Edison Mission Energy. AmerenCIPS's transfer of fossil generating assets to Genco (a subsidiary of Ameren). Illinois Power Company's sale of Clinton Power Station assets to AmerGen Energy Company, LLC.

The following transactions required informational filings by the utility only: Commonwealth Edison Company's sale of property located in Kankakee County, Illinois to the State of Illinois, Department of Natural Resources. MidAmerican Energy Company's sale of the East Moline Service Center in East Moline, Rock Island County, Illinois to Murphy Bros. Inc. Commonwealth Edison Company's transfer of certain promissory notes, to Unicom Health Care Management, Inc., and stock, to Risk Management Company. Commonwealth Edison Company's possible entering into certain additional agreements related to the sale of its fossil-fueled generating stations and peaking units. The purpose of the Notice was to preserve the right to establish, in accordance with Section 1031 of the Internal Revenue Code, a Qualified Intermediary to implement a like-kind exchange as an alternate financing arrangement for the sale.

DECOMMISSIONING

On September 12, 1988, the Governor signed into law Public Act 85-1400 adding a new Section 8-508.1 to the Public Utilities Act. This required every utility owning a nuclear power plant (Commonwealth Edison, Illinois Power, Iowa-Illinois Gas and Electric, and Ameren UE) to establish trust funds to pay for the eventual decommissioning of the plants. These trust funds have been established and are being funded.

During 1999, the Commission monitored Federal Legislation relating to Nuclear Decommissioning Trusts as well as the performance of the trust funds.

The Energy Policy Act of 1992 affected nuclear decommissioning trust funds in two ways. First, the corporate income tax rate that is applied to all taxable trust fund earnings was reduced to 20% beginning in 1996. The Energy Policy Act also provided for the elimination of the Black Lung Disability Trust Fund investment restrictions for qualified trust funds, thereby broadening investment options. All utilities have received authorization to invest a limited portion of their trust funds in common equity securities in order to improve the after tax returns and reduce future funding requirements from ratepayers.

Section 9-201.5 of the Public Utilities Act, which became effective January 1, 1995, authorizes an electric utility to establish a "decommissioning rate" to "reflect changes in, or additional or reduced costs of, decommissioning nuclear power plants." Pursuant to this provision, Commonwealth Edison received approval in its rate case Docket No. 94-0065 for its Rider 31 (Decommissioning Expense Adjustment Clause). The Company is required to annually file with the Commission, on or before February 28 of each year, its proposed decommissioning expense adjustment for the period beginning May 1 of that year and ending April 30 of the succeeding year. On February 28, 1999 ComEd filed for its 1999 rider revision. This case is still pending before the Commission

In Docket No. 95-0285, the Commission authorized MidAmerican Energy (formerly Iowa-Illinois Gas and Electric) to continue using its Nuclear Decommissioning Expense Rider under Section 9-201.5(d) of the Act. MidAmerican's 1998 rider adjustment, Docket No. 97-0569, was ordered by the Commission on July 8, 1999.

Section 16-114 of the Public Utilities Act became effective on December 16, 1997. This section of the Act requires electric utilities which own nuclear generating facilities to file tariffs to collect decommissioning costs for every kilowatt-hour of electricity delivered or sold at retail in the utility's service area. The intent of this section is to make nuclear decommissioning costs a non-bypassable cost under customer choice. The section also requires that utilities which recover all or part of their decommissioning costs through base rates, to remove the cost from base rates and collect it through a decommissioning rider conforming to the requirements of section 9-201.5. Section 16-114 requires that utilities make their filings pursuant to the section by April 1, 1999.

On November 2, 1998, Commonwealth Edison made its filing pursuant to 16-114. Edison's filing removed all decommissioning expense from base rates to be collected through its decommissioning rider - Rider 31. The filing also modified the language in Rider 31 to make it applicable to all kWh of electricity sold or delivered. The Commission approved Edison's section 16-114 filing in December 1998.

On April 1, 1999, Union Electric, MidAmerican Energy, and Illinois Power made their filings pursuant to section 16-114. In UE's filing, the Company proposed to establish a new decommissioning rider, set a revised decommissioning rate, and remove decommissioning costs from base rates. The Commission issued its order in this docket (99-0186) on September 28, 1999. In MidAmerican docket 99-0231, the Commission found that MidAmerican had already complied with section 16-114 in the tariff filing the Company made in docket 97-0569. IP's section 16-114 compliance filing was approved; however, the Commission opened an investigation (docket 99-0230) to examine the jurisdictional allocation IP used in its rider filing. With the enactment of Section 16-114.1 of the act, this investigation has been made moot and a motion has been made to dismiss the docket.

Section 16-114.1 of the act became effective on June 30, 1999. This section allowed an electric utility which owns a single unit nuclear power plant in Illinois and which enters into an agreement to sell the plant to make contributions to the decommissioning trusts after the unit is sold, in accordance with other requirements in the section. On November 1, 1999, Illinois Power filed a petition pursuant to section 16-114.1. Illinois Power had entered into an agreement to sell the Clinton Nuclear Power Station. The petition asked the Commission to approve a revised decommissioning rider for Clinton which would collect over a period of five years, an aggregate amount of \$18,470,325, after which the rider would terminate. On November 23, 1999, the Commission entered an order in docket no. 99-0578 that approved IP's request.

(5-c) Promulgation and application of rules concerning ex parte communications, circulation of recommended orders and transcription of closed meetings.

The Commission's rules concerning ex parte communications (83 Ill. Adm. Code 200.710) and the circulation of recommended orders (83 Ill. Adm. Code 200.820) remained in effect in 1999 and were applied throughout the year. Closed meetings were transcribed verbatim as required by Section 10-102 of The Public Utilities Act.

SECTION 6

**Appeals from
Commission
Orders**

(6) A description of all appeals taken from Commission orders, findings or decisions and the status and outcome of such appeals.

This section includes only appeals either filed in 1999 or upon which a judicial decision was received in 1999. Excluded are appeals involving motor carriers, rail carriers, or other regulated transportation and all non-appeal judicial actions, such as enforcement and collection actions, employment suits, or federal administrative and judicial actions, in which the Commission may have participated as plaintiff, defendant, intervenor, or amicus.

I. APPEALS INVOLVING PUBLIC UTILITIES FILED IN 1999

A. Under the Public Utilities Act, 220 ILCS 5

| <u>Description</u> | <u>No. of Appeals</u> |
|--|-----------------------|
| 1. Appeal from grant or denial of merger of public utility corporations under Section 7-204 and other provisions of the Public Utilities Act | 4 |
| 2. Appeals from grant or denial of complaints related to the establishment of usage sensitive local telecommunications services under various sections in Articles IX, X, and XIII of the Public Utilities Act | 3 |
| 3. Appeal from grant or denial of rate adjustment related to nuclear power plant decommissioning under Section 9-201.5 | 1 |
| 4. Appeal from fuel cost riders under Section 9-220 | 1 |
| 5. Appeal from grant or denial of complaint for reparations under Section 9-252 | 1 |
| 6. Appeal from grant or denial of complaint concerning telecommunications competition under Sections 13-514 and 13-515 | 1 |
| 7. Appeals from establishment of delivery service implementation plans and delivery service tariffs under Sections 16-105 and 16-108 | 6 |
| 8. Appeal from unbundling of delivery services under 16-108 | 1 |
| 9. Appeal from service reliability rulemaking under Section 16-125 | 1 |
| 10. Appeal from denial of petition for declaratory ruling | 1 |

B. Under Other Utility-Related Acts

| | |
|---|---|
| Appeal from grant or denial of right to serve area or | 1 |
|---|---|

customer under Electric Supplier Act, 220 ILCS 30.

C. Status

All 1999 appeals are still pending, except for the appeals under Sections 9-220, 16-108 and 16-125 {Items 4,8, & 9 above} and two of the appeals under Section 16-105 & 16-108 {Item 7 above}, which were dismissed. {See Section II. A. 1. (a), (d), (e) and (f) below.}
In addition, the Section 9-252 reparation complaint case {Item 5} has had a decision. {See Section II A. 2. (a) below.}

II. APPEALS DECIDED IN 1999

A. Under the Public Utilities Act, 220 ILCS 5

1. Cases dismissed without opinion and with no further action expected.

| <u>Description</u> | <u>No. of Cases</u> |
|--|---------------------|
| (a) Appeal from fuel cost riders under Section 9-220 | 1 |
| (b) Appeals from grant or denial of consumer complaints under Section 10-108 | 2 |
| (c) Appeals from requests for services under Section 13-505.5 | 2 |
| (d) Appeal from establishment of delivery service implementation plans and delivery service tariffs under Sections 16-105 and 16-108 | 2 |
| (e) Appeal from unbundling of delivery services under 16-108 | 1 |
| (f) Appeal from service reliability rulemaking under Section 16-125 | 1 |

2. Cases in which decisions were rendered.

- (a) Bloom Township High School, et al. v. Illinois Commerce Commission and Commonwealth Edison Co.

Illinois Appellate Court, First District
Docket No. 1-99-0625

Appeal from grant or denial of complaint for reparations under Section 9-252

Certain interruptible customers of Commonwealth Edison Co. (ComEd) filed a complaint for reparation of some charges and penalties which were assessed when they failed to curtail their electric

usage during an electric peak-demand in July 1995. Interruptible customers are charged lower rates for their electric purchases year-round with the requirement that the customers will curtail their demand during periods of electric shortages, so that service to residential and other full-rate customers will be maintained.

During the proceedings, motions for summary judgment were filed. The Commission granted ComEd's motion for summary judgment and denied the motion filed by one of the interruptible customers.

The Appellate Court affirmed the Commission's decision to deny the interruptible customer's motion for summary judgment, but reversed the grant of summary judgment of ComEd. The Appellate Court found that there were issues of disputed fact which bar the granting of summary judgment. The Court remanded the case back to the Commission for further proceedings.

(b) City of Columbia v. Illinois Commerce Commission, et al.

Illinois Appellate Court, Fifth District
Docket No. 5-98-0021

**Appeal from grant or denial of certificates
under Section 8-406**

Illinois-American Water Co., a public utility (hereinafter "Illinois-American"), sought a certificate of public convenience and necessity to provide and distribute water to certain subdivisions and homes in Monroe County, Illinois. Illinois-American was already distributing water to other areas of Monroe County. The additional service territory took in approximately 4,670 acres.

The City of Columbia (hereinafter "Columbia") opposed the grant of an additional certificate to Illinois-American. Columbia had issued combined waterworks and sewage systems bonds. Said monies would, in part, be used to extend the area of its service territory. However, certain customers that Illinois-American intended to serve would not be served by Columbia under its proposal. Similarly, certain other territories and customers in Monroe County were to be reached by Columbia which were not part of Illinois-American's proposal.

The Commission granted a certificate of public convenience and necessity to Illinois-American, but limited its territorial scope to 2,592 acres. The Commission found based on the evidence that, with the modification, Illinois-American's proposal was least cost and would provide to the present need of certain customers who would otherwise not be offered service from any other water supplier.

On April 14, 1999, in a Rule 23 Order, the Illinois Appellate Court affirmed the Commission decision to grant the certificate to Illinois-American.

The Court noted that, while Illinois-American had had requests for service in its new area, Columbia did not have one request. Illinois-American had identified 132 customers for whom it intended to meet their immediate water needs. The Court found that Columbia did not propose to serve 63 of those customers. Columbia's plan was for the development of some 8,000-9,000 acres. However, the number of customers seeking utility service in that territory was speculative at best, and nothing in Columbia's plan showed the expected or anticipated growth of water demand. The Court held that the present needs of the identified residents in the territory that Illinois-American sought to serve could not be ignored in favor of the future need of unidentified individuals in Columbia's broader proposed territory.

The Appellate Court also rejected Columbia's claim that Illinois-American had failed to show that its proposal was least cost. The Court noted that, because the two proposals were for different areas, their comparison was an apples-to-oranges comparison. Columbia's costs were incomplete and could be higher because of potential construction difficulties. The actual cost under Illinois-American's proposal could be lessened, if additional customers were to be connected to the mains in the new area within the next ten years. The Appellate Court held that the Commission's decision on least cost was not against the manifest weight of the evidence.

The Appellate Court also rejected arguments that Columbia's evidence was not fairly evaluated by Commission staff, that total construction costs could not be used to determine the least-cost provider, and that Illinois-American could not finance its proposed project.

(c) Illinois Power Co. v. Illinois Commerce Commission, et al.

Illinois Appellate Court, Fourth District
Docket No. 4-98-0970

**Appeal from grant or denial of tariffs involving
real-time pricing under Section 16-107**

Illinois Power Co. (IP) filed a real-time pricing tariff, pursuant to Section 16-107(a) of the Electric Service Customer Choice and Rate Relief Law of 1997 (Customer Choice Law), 220 ILCS 5/16-107(a). The real-time pricing option allows the charges for delivered electric power and energy to vary hour-to-hour for customers choosing the option.

IP had filed its tariff, titled "Rider DA-RTP II" ("Tariff 2" hereinafter) to provide an option to its nonresidential customers, who had a billing demand of less than 200 kilowatt hours in one summer season billing period. IP had already had a similar option available to its nonresidential customers who demanded 200 or more kilowatt hours during the summer season billing period. This earlier tariff was titled "Rider DA-RTP I" ("Tariff 1" hereinafter).

After notice and hearing, the Commission modified Tariff 2. The Commission removed the less than 200 kilowatt hour restriction in Tariff 2, removed the restriction which disallowed the use of Tariff 2 by interruptible and non-firm nonresidential customers, reduced the administrative charge, changed the recovery factor charge, and eliminated the early termination charge. IP challenged most of the Commission's modifications.

On November 10, 1999, the Illinois Appellate Court affirmed the Commission in a Rule 23 Order. On the elimination of the 200 kilowatt hour restriction in Tariff 2, IP argued that the Commission exceeded the scope of the hearing by modifying Tariff 1, that IP had no notice that the restriction was at issue, and that the Commission decision was not supported by substantial evidence. The Court rejected IP's scope claim, noting that, although Tariff 1 and Tariff 2 were no longer mirror images of one another, Tariff 1 had not been modified or affected in anyway. The Court found that IP, by including the restriction in Tariff 2, had put the restriction into issue in the case and that IP had the burden of proving that the restriction was appropriate. Finally, the Court found that there was substantial evidence to support removal of the restriction.

The Court went on to reject IP's contention that interruptible and non-firm customers were not nonresidential customers within the meaning of Section 16-107 (a) of the Customer Choice Law. The Court noted that the Commission is not required to rubber-stamp IP's proposals. The Court found that there was substantial evidence to support the inclusion of interruptible and non-firm customers. The Court noted that the Commission had recognized the problem of a potential double discount for these customers and had dealt with it by limiting the decremental credits that these types of customers received, thus insuring that the use of Tariff 2 would apply when there is voluntary scale back of demand only.

IP argued that the elimination of the termination penalty would mean that IP would not recover all of its incremental administrative costs if a customer terminated its Tariff 2 contract early. The Court, as had the Commission before it, found that the termination penalty as proposed by IP was discriminatory because IP had proposed to waive the penalty if the contract was terminated in the first year. The Court also found that this was an issue of much conflicting testimony and that the Commission decision to eliminate the penalty was supported by substantial evidence.

- (d) The Village of Lake-In-The-Hills and Thomas P. Sullivan v. Illinois
Commerce Commission, et al.

Illinois Supreme Court Docket No. 87741
Illinois Appellate Court, Second District
Docket Nos. 2-98-0889, -0901, -0942, and -0943 (cons.)

**Appeal from grant or denial of certificates
under Section 8-406**

On May 3, 1999, the Illinois Appellate Court affirmed the Commission's order in a Rule 23 Order, which had granted a certificate of public convenience and necessity to Commonwealth Edison Co. The certificate had authorized the building of two new transmission/distribution centers and approximately 12 miles of transmission line in McHenry and Kane Counties. The Commission Order had also authorized the construction, operation, and maintenance of the new facilities. The Appellants are located in or are concerned with land located in McHenry County.

The first issue considered was whether the Commission's refusal to reroute the transmission line was supported by substantial evidence. The Court found that there was substantial evidence and rejected the many evidentiary contentions of the Appellants. The next issue was whether the hearing examiner erred in sustaining an objection, which the Court found that the objection had been properly sustained. The next issue was a claim that the hearing examiner's memo to the Commissioners was biased and contained misrepresentations. The Court found that the contention was irrelevant and was not supported by the record. The next issue was that the Commission's finding that property values would not be adversely affected was not supported by substantial evidence. The Court noted that the only evidence of record supported the Commission's finding.

The fifth issue again related to the evidence on the property value. The Court affirmed that a number of exhibits had been properly excluded as hearsay. The Court affirmed that statements made at public forums do not constitute evidence upon which an agency can base its findings. The Court found that the Commission Order was internally consistent and that the substantial evidence supported the Commission Order on the proposed location. The sixth issue on appeal argued that the Commission erred in finding that exposure to EMF posed no risk to human health. The Court noted that the only evidence of record supported the Commission's finding and that the issue is not one which is so settled that the Court could lawfully take judicial notice of a particular study. The final issue was a request to remand, which the Court denied for failure of the Appellants to show any factual errors requiring remand.

One of the Appellants attempted to get review of the decision from the Illinois Supreme Court, but leave to appeal was denied (185 Ill. 2d at 630).

(e) Quantum Pipeline Co. and Seagull Products Pipeline Corp. v. Illinois Commerce Commission, et al.

Illinois Supreme Court Docket No. 87715
Illinois Appellate Court, Third District
Docket No. 3-98-0131

**Appeal from grant or denial of pipeline certificate
under Article XV and related eminent domain application**

Quantum Pipeline Co. and Seagull Products Pipeline Corp. (Quantum) had received a certificate of good standing from the Commission in a *pro forma* proceeding under the Illinois Commercial Transportation Law in 1995. 625 ILCS 5/18c-8201 (1). On January 1, 1996, the provisions related to pipelines were repealed in the Illinois Commercial Transportation Law and were replaced by Article XV of the Public Utilities Act, the Common Carrier by Pipeline Law, 220 ILCS 5/15-100, *et seq.* In January 1996, Quantum sought approval of the bringing of an eminent domain action, pursuant to 220 ILCS 5/8-509 and 15-101. Numerous landowners intervened in the eminent domain proceeding.

While the eminent domain proceeding was pending, the Commission, pursuant to a report of the Commission staff, reopened Quantum's certificate proceeding. The Commission order stated that the Commission would reexamine the public need for Quantum's pipeline and, based on the full record, "rescind, alter, amend or allow to stand as originally entered" the Commission order which had granted the Quantum certificate. Both the eminent domain proceeding and the reopening proceeding were consolidated.

Ultimately, the Commission found that the proposed pipeline was a private pipeline for the use of Quantum Chemical Company. Since there was no public demand or need for the pipeline, the pipeline should not have been certificated. Therefore the Commission rescinded the certificate to Quantum. Because of its actions, the Commission did not consider the eminent domain case.

On March 12, 1999, the Illinois Appellate Court overturned the Commission order, rescinding Quantum's certificate because the reopening order did not give sufficient notice to Quantum at the beginning of the year and one half long Commission proceeding. The Court held that Quantum had a property right to its certificate, that the Commission had the authority to rescind the certificate, but that a reopening order seeking to rescind a certificate must be made with the specificity of a complaint. Since the original reopening order failed to be as specific as a complaint, the Commission could not rescind the certificate on such an order. The Court reversed the Commission order and remanded the case.

There were two special concurrences, which held that the landowners had not suffered a denial of substantial due process when the original certificate had been granted. The special concurrences claimed that the landowners could fight the eminent domain action, if the pipeline were not for a public benefit, despite

the grant of a certificate as a common carrier rather than as a private pipeline. The landowners attempted to get review by the Illinois Supreme Court, but were denied leave (185 Ill. 2d at 665).

B. Under other Utility Related Acts

1. Cases dismissed without opinion and with no further action expected.

| <u>Description</u> | <u>No. of cases</u> |
|---|---------------------|
| Appeals to Illinois Appellate Courts from approval of agreements under 47 USC 252 | 2 |

2. Cases in which decisions were rendered.

None

SECTION 7

**Studies and
Investigations
Required by
State Statutes**

(7) A description of the status of all studies and investigations required by this Act, including those ordered pursuant to Sections 4-305, 8-304, 9-242, 9-244, and 13-301 and all such subsequently ordered studies or investigations.

Section 4-305: Emission Allowance Reports

Section 4-305 directs the Illinois Commerce Commission to collect from each public utility and each affiliated interest of a public utility owning an electric generating station, on a quarterly basis, information relating to the acquisition or sale of sulfur-dioxide emission allowances, as defined in Title IV of the Federal Clean Air Act Amendments of 1990. The commission is also directed to include such information in each of its annual reports, beginning with the 1993 annual report due January 31, 1994.

As of December 31, 1999, the Commission has received first, second, and third calendar quarter reports for 1999 from all seven of the utilities with generating units affected by the Clean Air Act: Central Illinois Light, Central Illinois Public Service, Commonwealth Edison, Illinois Power, Interstate Power, MidAmerican Energy Company, and Union Electric. The Commission has also received first, second, and third calendar quarter reports for 1999 from Electric Energy Inc., the affected utility affiliate. All utilities and affiliated interests subject to the Section 4-305 reporting requirements are currently in compliance.

Appendix C contains the fourth quarterly report for 1998 and the first three quarterly reports for 1999 for all reporting entities. Because the forms require the reporting entities to record a running-total of all allowance allocations and transactions, the third quarter reports contain all information regarding the allocations and transactions that have occurred during the first three quarters of 1999.

Section 8-304: Estimated Billing Practices

Under this section, the Illinois Commerce Commission is required to perform a comprehensive study of estimated billing practices and policies of the major regulated public utilities providing natural gas and/or electric services.

For purposes of this study, the Commission selected the following major regulated public utilities providing natural gas and/or electric services to Illinois households:

Central Illinois Light Company
AmerenCIPS
Commonwealth Edison Company
Illinois Power Company
MidAmerican Energy Company
Northern Illinois Gas Company
Peoples Gas Light & Coke Company
AmerenUE

These eight utilities comprise over 95 percent of the regulated utility service sales to residential customers in Illinois.

The companies have provided such information as a three year history of the total number of estimated bills broken down by customer class, time of year, geographic location, customer group, and frequency of consecutively estimated bills; the reasons for estimated billing; the costs of relocating and reading meters; the methods or formulas used for establishing the amounts of estimated bills; and the programs or instruments used to minimize the frequency of estimated bills. An analysis of the data received has been conducted by Commission staff.

Section 8-403: Cogeneration/Small Power Production

Section 8-403 states that the Commission shall conduct a study to encourage the full and economical utilization of cogeneration and small power production. In addition to the independent power generation aspect of the study, the Commission is also required to examine the wheeling of electricity between governmental agencies.

This study was completed in 1987. No activities were required in 1999.

Section 8-405.1: Feasibility of Wheeling in Illinois

Section 8-405.1 directs the Commission, in cooperation with the Illinois Department of Energy and Natural Resources, to investigate the major economic and legal issues surrounding the wheeling of electricity in Illinois and to report the results of its investigation to the General Assembly. In December 1987, the Commission submitted the report titled *Electric Wheeling in Illinois* to the General Assembly.

Section 9-202: Temporary Rate Increase

On October 1, 1987, 83 Ill. Adm. Code 330 became effective. Among other things, Commission rules set the necessary conditions for a temporary rate increase and provided for refunds with interest should the temporary rate increase granted exceed the permanent rate increase granted.

Section 9-214: Study of CWIP

The study was completed and was sent to the General Assembly on December 29, 1988. Please see the 1992 report, page 56, for details.

Section 9-216: Cancellation Costs

There are no plants under construction nor any requests for authority to construct new plants pending before the Commission and given that there is no due date for either the initiation or completion of this rulemaking, the Commission will initiate rulemaking as soon as practical, given the Commission's current workload and resources.

Commonwealth Edison Outage Investigation

In late July and early August 1999, Commonwealth Edison Company experienced 6 large outages as a result of failed distribution equipment. As a result of these outages the Commission opened an investigation into ComEd's transmission and distribution system reliability. The first phase of this investigation is to look into the causes of the outages in July and August. The second and third phases of the investigation are to look specifically at the design of ComEd's transmission and distribution system. As an adjunct to these investigations staff personnel have been assigned to observe initially the "Triage" and the subsequent "Rehab" programs instituted by ComEd and report on the company's efforts to re-establish the reliability of ComEd's distribution system.

Investigation of the Peoples Gas Incident at North Clybourn Avenue in Chicago

In September 1999, Staff completed its investigation into the cause of the gas pipeline rupture which occurred on October 30, 1998. A Peoples Gas 24" natural gas main was hit and damaged by excavating equipment during construction of a sewer project. The escaping natural gas ignited, causing major fire and heat damage to a nearby 15-story high-rise apartment building owned and operated by the Chicago Housing Authority. Peoples Gas' emergency response activities stopped the flow of natural gas approximately 80 minutes after the gas ignited. Quick action by City of Chicago fire and police personnel resulted in the complete evacuation of the building's occupants during the 40-minute period prior to the ignition of the escaping natural gas.

The ICC's investigation concluded: the sewer main was not installed parallel with the natural gas main, as indicated on the project site plans, but rather at an angle toward the gas main; the actual distance between the installed sewer main and the gas main was 7 feet, not ten feet as shown on the contractor's

sewer line project plans; metallurgical tests confirmed the damage resulted from a very powerful blow from excavating equipment; the overall condition of the pipe section was exceptionally good. The Staff report contained 6 recommendations to Peoples Gas. Work on these recommendations is in progress.

ECONOMIC DEVELOPMENT PROGRAM

The Commission's economic development activities as directly related to the Illinois Public Utilities Act (PUA) are coordinated by the Financial Analysis Division (FAD). A summary of the program since its inception may be found in the 1996 and previous Commission annual reports.

The Commission coordinates its economic development activities with other state agencies, including the Department of Commerce and Community Affairs. Commission staff represent the Commission on inter-agency task forces that relate to the Commission's economic development activities. Individual economic development project proposals are reviewed in conjunction with appropriate staff from utilities, state and local government, and private businesses. Staff comments on tariff and/or rate filings by utilities and testimony in rate case proceedings serve to further articulate Commission policies in the area of economic development.

As implementation of customer choice continues, Commission rulemakings and decisions in the following areas will be assessed on an ongoing basis to evaluate impacts on economic development:

- requirements for alternative electric suppliers
- delivery services tariffs
- neutral fact finder process
- consumer education materials
- distributed resources
- real-time pricing

SECTION 8

**Impacts of
Federal Activity
on State Utility
Service**

(8) A discussion of new or potential developments in federal legislation, and federal agency and judicial decisions relevant to State regulation of utility service.

COMMISSION POLICY AND ACTIONS IN FERC PROCEEDINGS

The Federal Energy Regulatory Commission (FERC) regulates the wholesale rates for electricity sales and transmission, the sale or resale of natural gas by interstate pipelines, and the transportation of natural gas by interstate pipelines. The primary goal of the Illinois Commerce Commission's FERC Intervention Program is to ensure that the rules, policies, rates, and terms and conditions of service that FERC establishes for natural gas pipeline transportation, bulk power sales, and electric transmission service are fair and reasonable for Illinois energy consumers. The activities of the FERC Intervention Program are discussed in more detail in the following sections.

DEVELOPMENTS IN THE NATURAL GAS INDUSTRY

Interstate natural gas pipeline transportation service operates under the open access rules adopted by FERC in 1992. In 1999, FERC continued to hone its interstate natural gas transportation policy through incremental modifications.

Illinois also continues to see major activity in new interstate natural gas pipeline construction proposals. These proposals are in response to continued growth in natural gas demand and increased access to newer gas supply basins such as those in western Canada.

DEVELOPMENTS IN THE ELECTRIC POWER INDUSTRY

The focus on implementing comparable and nondiscriminatory access to electric transmission service continued in 1999.

In 1996, FERC issued Order 888. This landmark administrative rule is intended to facilitate broad open access to transmission facilities and a nation-wide competitive wholesale electric power market. Order 888 requires each transmission-owning electric utility to have generally available open access transmission tariffs on file. Transmission owning utilities must make their transmission facilities available on a non-discriminatory basis to wholesale customers so that generation competitors are not excluded from the market. Order 888 also requires utilities to functionally separate wholesale power sales functions from operation of the transmission system. In making wholesale power sales, utilities must take transmission services under their own transmission tariffs and charge themselves the same price for transmission services as they charge third-party transmission customers.

Since 1996, the focus has turned to developing appropriate regional transmission organizations. For example, in September 1998, FERC approved the application of thirteen transmission-owning utilities (including most Illinois electric utilities) to form the Midwest Independent System Operator (Midwest ISO). The ICC has actively participated in the development of the Midwest ISO. Once the Midwest ISO is up and running, it is expected to independently manage the transmission facilities of all of its transmission-owning members. The current start-up date for the Midwest ISO is mid-2001.

The Illinois Electric Service Customer Choice and Rate Relief Law of 1997, 220 ILCS 5/16-101, et seq., adopted on December 16, 1997, introduced the concept of delivery services and required Illinois utilities to provide open access to delivery services on a phased-in basis. However, in adopting that statute, the Illinois General Assembly recognized that certain components of delivery service may be subject to FERC jurisdiction. Therefore, the statute states:

An electric utility shall provide the components of delivery services that are subject to the jurisdiction of the Federal Energy Regulatory Commission at the same prices, terms and conditions set forth in its applicable tariff as approved or allowed into effect by that Commission. The [ICC] shall otherwise have the authority pursuant to Article IX to review, approve, and modify the prices, terms and conditions of those components of delivery services not subject to the jurisdiction of the Federal Energy Regulatory Commission(220 ILCS 5/16-108)

Consequently, as retail open access is introduced in Illinois, the ICC has been actively engaged at FERC to ensure that the components of delivery service for which FERC has regulatory oversight responsibility are provided at rates, terms, and conditions that are appropriate for Illinois' retail direct access program.

SIGNIFICANT DEVELOPMENTS IN THE ILLINOIS REGULATORY ENVIRONMENT

The Electric Service Customer Choice and Rate Relief Law of 1997, enacted into law in December 1997, fixed a timetable for the introduction of electric retail choice in Illinois, beginning with the opening electric market on October 1, 1999. On that date, approximately 64,000 non-residential electric customers, about one-seventh of all non-residential customers, became eligible to choose a new electric supplier. The remaining 433,000 non-residential customers will become eligible to choose a new electric supplier by December 31, 2000. The electric market will open to residential customers by May 2002.

The introduction of retail choice and the addition of alternative suppliers to the Illinois electric market required the Commission to engage in several new undertakings. The Commission adopted two rules that specify the standards that a prospective alternative retail electric supplier must meet to obtain authorization to provide power and energy to Illinois electric customers. The Commission subsequently reviewed and approved several applications from prospective suppliers. The Commission reviewed and approved several utility tariffs that set forth the prices, terms, and conditions governing the relationship among utilities, alternative suppliers, and the customers who choose to purchase power from an alternative supplier. The Commission also determined that, beginning in September 2000, customers who choose a new electric supplier may also choose a new supplier of metering and billing services.

NATIONAL DEVELOPMENTS

Numerous electric industry restructuring bills were introduced in the 106th Congress. Bills were introduced in both the Senate and the House. Although numerous hearings were held on these bills, no comprehensive electric legislation was voted out in 1999.

FEDERAL JUDICIAL ACTIONS

Northern States Power Company v. FERC, 176 F.3d 1090; United States Court of Appeals, Eighth Circuit.

Northern States Power Company petitioned for review of an order of the Federal Energy Regulatory Commission, which had rejected tariff changes the utility had proposed. The Court stated that the fundamental issue in the appeal was whether the FERC may require an electric utility to curtail transmission to wholesale customers on a comparable basis with its native/retail customers when the utility experiences power constraints. In reversing the FERC order, the Court of Appeals ruled that the FERC's attempt to regulate the curtailment of electrical transmission on native/retail consumers was unlawful, because it falls outside the specific grant of authority to the FERC in the Federal Power Act.

Louisiana Public Service Commission v. FERC, 184 F.3d 892; United States Court of Appeals, District of Columbia Circuit.

The Louisiana Public Service Commission (LPSC) filed a complaint against Entergy Services Inc., which owns operating companies that generate and sell electricity in several states, including Louisiana. The complaint alleged that Entergy's FERC-set rates had become unjust and unreasonable because of changed circumstances, arguing that interruptible service should not be considered in capacity cost allocations. The LPSC petitioned for review of two orders of the Federal Energy Regulatory Commission which had the effect of dismissing the complaint without a hearing. The Court vacated the FERC orders, holding that the agency's unexplained failure to follow its precedent in *Kentucky Utilities Co.*, 15 F.E.R.C. ¶61,002 (1982) (in which FERC had excluded interruptible service when allocating capacity costs), was arbitrary and capricious. The Court also stated that the FERC "needs to give a reasoned explanation of its seemingly obscure standard of 'rough equalization,' and to apply that standard to the facts alleged by the LPSC."

RELEVANT FEDERAL LEGISLATION

A listing of federal legislation relevant to the utility industry is in Appendix B.

SECTION 9

Recommendations for Proposed Legislation

(9) All recommendations for appropriate legislative action by the General Assembly.

The Commission's legislative agenda for the second year of the 91st General Assembly is currently being formulated. Proposals under consideration at this time include various amendments to the Public Utilities Act dealing with utility regulation. A detailed discussion of specific proposals currently under consideration would be premature at this time.

Appendix A

Summary of Significant Commission Decisions

SUMMARY OF SIGNIFICANT COMMISSION DECISIONS

ELECTRIC UTILITY DOCKETS

**96-0617 Illinois Commerce Commission
On Its Own Motion**

-vs-

Illinois Power Company

Citation proceeding with respect to Illinois Power Company's tariff provision entitled Service Classification 30, Limited Firm Service, and Rider S, Supplemental Interruptible Service.

In this contested docket, the Commission initiated a citation proceeding to consider the reasonableness of the mark-fee of 2.5 cents/kWh for the "buy-through" service option offered by Illinois Power ("IP"). In an order entered March 19, 1999, the Commission found that the buy-through rate should be reduced from 2.5 cents/kWh to 2.0 cents/kWh.

**98-0514 The People of the State of Illinois vs. Commonwealth Edison Company
Complaint as to alleged failure to comply with statutory obligations as defined by the Public Utilities Act.**

While the Order entered on June 16, 1999 dismisses the complaint, it is noteworthy that the Attorney General and Commonwealth Edison Company filed a Joint Motion to Dismiss and Settlement Agreement by which ComEd agreed to take certain actions and create a plan in an attempt to minimize the possibility of brownouts or blackouts in ComEd's service area. The original complaint was based on the very serious potential shortage of electricity to ComEd customers in the summer of 1998.

**98-0544 Illinois Commerce Commission, On Its Own Motion
Implementation of Section 16-115(f) of the Public Utilities Act.**

In this docket, the Commission adopted 83 Ill. Adm. Code 451, "Certification of Alternative Retail Electric Suppliers."

**98-0607 Illinois Industrial Energy Consumers
Request for Declaratory Ruling Pursuant to Section 200.220 re: Section 16-102 of an Act Entitled "Electric Service Customer Choice and Rate Relief Law of 1997."**

This joint filing by 27 large electric consumers requested a declaratory ruling from the Commission with respect to the meaning of Section 16-102 (iv) of the PUA. (220 ILCS 5/16-102). Upon examination of the requirements for a declaratory ruling set out in Rule 200.220 (83 Ill. Adm. Code 200.220), the Commission determined that the pleadings before it did not qualify for the requested relief. Accordingly, the motion to dismiss filed by the Illinois Energy Association was granted and the matter was dismissed.

**98-0649 Illinois Commerce Commission, On Its Own Motion
Certification of alternative retail electric suppliers not seeking expedited treatment of applications.**

In this docket, the Commission amended its ARES certification rule, 83 Ill. Adm. Code 451, "Certification of Alternative Retail Electric Suppliers."

98-0670 KMS Morris Power

Petition for a determination that an electric generating facility fueled by landfill methane and located at the Morris Community Landfill will be a qualified solid waste energy facility as defined in Section 8-403.1 of the Illinois Public Utilities Act.

In this proceeding, Petitioner requested Commission approval of its designation as a qualified solid waste energy facility. The Commission found that Petitioner demonstrated it satisfied all statutory requirements for such determination. The Commission entered its Order approving KMS' request on December 8, 1999.

**98-0769 Illinois Commerce Commission, On Its Own Motion
Form and contract summaries for the 1999 neutral fact-finder process.**

This docket dealt with the form and contract summaries for the 1999 neutral fact-finder ("NFF") process under Section 16-112(d) of the Public Utilities Act. The Order entered on February 26, 1999 identifies, among other things, what entities must submit data to the NFF; the form and content of the contract summaries; what contracts should be reported, and the procedures to ensure that all relevant contracts are reported; the manner in which contracts should be unbundled for reporting purposes; when and how actual energy costs should be reported, and how they should be determined; what are the market values to be determined by the NFF, and what is the intended use of those market values. Thus, specific summary reporting requirements to the NFF were established, and contract summary forms provided to the NFF should provide the NFF with the data needed to calculate market prices.

**98-0680 Illinois Commerce Commission, On Its Own Motion
Investigation concerning certain tariff provisions proposed under Section 16-108 of the Public Utilities Act and related issues.**

The Commission opened this docket to develop certain standard procedures for the delivery services tariff. An Interim Order was entered on February 18, 1999 and a final order was entered on April 21, 1999. The final order directed that testimony, exhibits and transcripts were to be included in each utilities' delivery service tariff case.

**98-0816 MidAmerican Energy Company
Petition for Order Recommending Delineation of Transmission and Local Distribution Facilities.**

Through the order entered in this docket, the Commission approved certain classifications of FERC-jurisdictional transmission facilities and Illinois-jurisdictional local distribution facilities and pro forma journal entries. The delineation of transmission and distribution facilities between FERC and Illinois jurisdictions is required by FERC Order No. 888 and is necessary for the first phase of open access.

**98-0882 Central Illinois Light Company
Application pursuant to Sections 7-204 and 7-101 of the Public Utilities Act for approval of a reorganization of the gas utility.**

The Commission entered an order approving the reorganization of Central Illinois Light Company's gas operations. The reorganization results from a transaction by which AES Corporation, Inc. will acquire control of CILCORP, the parent of Central Illinois Light Company.

**98-0894 Commonwealth Edison Company
Petition for Order Concerning Delineation of Transmission and Local Distribution Facilities**

Through the order entered in this docket, the Commission approved certain classifications of FERC-jurisdictional transmission facilities and Illinois-jurisdictional local distribution facilities and pro forma journal entries. The delineation of transmission and distribution facilities between FERC and Illinois jurisdictions is required by FERC Order No. 888 and is necessary for the first phase of open access.

**99-0003 Courtesy Corporation -vs- Commonwealth Edison Company
Complaint as to experimental RTP Program in Buffalo Grove, Illinois.**

Courtesy Corporation complained that it had not realized expected savings under ComEd's real-time pricing plan. The complaint was dismissed on the ground that ComEd had conducted the real-time pricing program as promised. Moreover, the complainant acknowledged that it had in fact realized net savings under the program, although such savings were not as large as hoped. By dismissing the complaint, the Commission upheld the principle that neither the customer nor the utility can expect a guaranteed level of benefit from a program based on fluctuating market prices.

**99-0013 Illinois Commerce Commission, On Its Own Motion -vs- Central Illinois Light Company, *et al.*
Investigation concerning the unbundling of delivery services under Section 16-108 of the Public Utilities Act.**

The Commission entered an interim order which concluded that metering and billing should be unbundled. The interim order indicated that there would be a final order by May 1, 2000 establishing how metering and billing should be unbundled, and that the results of that final order will be implemented by September 1, 2000, the date on which alternative providers will have the opportunity to provide metering and billing services. Another Interim Order addressing policy issues is currently before the Commission.

**99-0022 Commonwealth Edison Company
Petition pursuant to 83 Illinois Admin. Code 411.230 for an Order approving Commonwealth Edison Company's Administrative Procedure for Resolving and Paying Claims for Actual Damages and Replacement Value under Section 16-125(e) and (f) of the Public Utilities Act.**

In this proceeding, the Commission approved a Claims Procedure for resolving and paying claims for actual damages and replacement value under Section 16-125 (e) and (f) of the Act. Under this provision, claims arise only in the event that more than 30,000 customers are subjected to continuous power interruption of 4 hours or more that results in transmission of power less than 50% of the standard voltage or that results in total loss of power transmission and causes damage to a customer. In addition, the Commission may grant a waiver or make a determination of no liability in statutorily defined instances. The order provides for a comprehensive claims procedure.

**99-0116 Mt. Carmel Public Utility Co.
99-0117 Commonwealth Edison Company
99-0119/
99-0131 Central Illinois Light Company
99-0120/
99-0134 Illinois Power Company
99-0121 Central Illinois Public Service Company d/b/a AmerenCIPS and Union Electric Company d/b/a AmerenUE
99-0122/
99-0130 MidAmerican Energy Company
99-0124/
99-0132 South Beloit Water, Gas & Electric Company**

**99-0125/
99-0133
Cons.**

Interstate Power Company

Delivery Services Tariffs and Plans

By Interim Orders entered July 8 and Final Orders entered August 25 or 26, the Commission approved delivery service plans and tariffs in accordance with Sections 16-105 and 16-108 of the Public Utilities Act. More than 30 parties participated in the largest of these dockets. Due to statutory deadlines, these dockets compressed rate cases, which would have been concluded in 11 months, into a six-month time frame. Noteworthy determinations in the orders entered in these dockets included acceptance of Staff's adjustments pertaining to the Minimum Information Requirements; the Commission's deferral for the purpose of these proceedings, to FERC's jurisdiction regarding energy imbalances and use of the NFF process for calculating market value.

99-0171

Commonwealth Edison Company

Petition for approval of an alternative methodology for calculation of market values pursuant to Article IX and Section 16-112 of the Public Utilities Act.

In this proceeding, ComEd filed its Petition seeking Commission approval of an alternative methodology to the Neutral Fact Finder ("NFF") process for calculating Market Value pursuant to Article IX and Section 16-112 of the Act.

The Commission entered an Order which concluded that the record indicates that there is no perfect way to determine Market Value under Section 16-112 of the Act. In its Order, the Commission recognizes that both the NFF process and CINergy market index present problems. The Commission concluded that given the thinly traded nature of the CINergy market and corresponding potential for market price manipulation, ComEd's proposal is an inadequate alternative to the NFF. The Order notes that, in time, a Market Value index will be viable and directed all parties to work toward the development of implementation of a Market Value index.

99-0209

Illinois Power Company

Proceeding pursuant to Section 16-11(g) of the Public Utilities Act concerning proposed sale of fossil generating station assets to Illinova Corporation.

The Commission approved the sale of Illinois Power's fossil generating assets to its parent, Illinova Corporation, in exchange for a note in the amount of approximately \$2.7 billion, which is the net book value of those assets.

99-0282

Illinois Commerce Commission, On Its Own Motion -vs- Commonwealth Edison Company

Proceeding pursuant to Section 16-111(G) of the Public Utilities Act concerning proposed sale of fossil fuel fired generating plants.

The Commission approved the sale by ComEd of its fossil fueled generating plants to Edison Mission Energy, an unaffiliated power provider and the parent company of Southern California Edison. Pursuant to the contract of sale, ComEd retains the right to receive the output of the plants, although Mission is free to sell on the open market any power not claimed by ComEd. The contract also requires Mission to assume existing collective bargaining agreements with unionized employees at the plants.

99-0398

**Illinois Commerce Commission
On Its Own Motion**

-vs-

Central Illinois Public Service Company

Proceeding pursuant to Section 16-111(g) of the Public Utilities Act concerning proposed sale of generating plants.

In this proceeding, the Commission entered an order approving CIPS' proposed transfer of all of its electric generating assets and associated liabilities to an affiliate, known as Genco, pursuant to Section 16-111(g) of the Public Utilities Act. The effect of these transactions is that, as of the transfer date, CIPS no longer has any generating assets or liabilities or supply or employment contracts associated with those assets. No transmission or distribution facilities were involved in the transaction, and CIPS will continue to own those assets.

99-0409/ Illinois Power Company

99-0410/

99-0411

Proceeding pursuant to Section 16-111(g) of the Public Utilities Act concerning proposed sale of the Clinton Power Station.

The Commission approved the sale of Illinois Power's Clinton Nuclear Power Station and related nuclear generating assets to AmerGen Energy Company, L.L.C. for a price of \$20 million.

99-0419 Illinois Power Company

Application pursuant to Sections 7-204 and 7-101 of the Public Utilities Act for approval of a reorganization of the gas utility.

The Commission entered an order approving the reorganization of Illinois Power Company's gas operations. The reorganization results from a transaction by which Dynegy, Inc. will acquire control of Illinova Corp., the parent of Illinois Power Company.

99-0423

**Citizens Utility Board
Request for Investigation into Commonwealth Edison Company's
System Reliability.**

This matter was filed as a result of the well known electrical outages which occurred in the Chicago area during the course of August and September 1999. CUB requested that the Commission conduct an investigation of ComEd's operations and reliability of its transmission and distribution system. The parties initiated settlement negotiations as well as discovery. On December 1, 1999, CUB filed a Stipulation wherein it stated that since the filing of CUB's complaint, the Commission has launched several investigative processes related to ComEd's system reliability. Based upon this, CUB and ComEd requested that this matter be dismissed without prejudice. This matter is to be acted on at the December 15, 1999 Bench.

99-0390

Enron Energy Services, Inc.

99-0400

Unicom Energy, Inc.

99-0425

Nicor Energy, LLC

99-0432

Peoples Energy Services Corporation

99-0438

Edgar Electric Co-operative

99-0440

DukeSolutions, Inc.

99-0447

NewEnergy Midwest, L.L.C.

99-0551

Edgar Electric Co-operative Association d/b/a EnerStar Power Corp

99-0594

Illinova Electric Partners, Inc.

Applications for certificates as alternative retail electric suppliers ("ARES") under Section 16-115 of the Public Utilities Act.

These companies have been granted certificates to operate as ARES in Illinois.

GAS UTILITY DOCKETS

98-0073- COOKSVILLE GRAIN, et. al. vs Northern Illinois Gas Company

980089 &

98-0092- Complaints as to Billing

98-0107

The Commission entered an order denying the complaints by several grain companies concerning the interpretation of filed tariffs.

98-0510 Illinois Gas Transmission Company and Nuevo Energy Company

Certification of Illinois Gas Transmission Company as a Common Carrier by Pipeline and approval of rates and accounting, and for cancellation of the Certificate of Illini Carrier L.P.

The Commission entered an order granting a certificate of good standing to Illinois Gas Transmission Company to operate as a common carrier by pipeline restricted to certain customers in the Metro-East, Illinois area.

98-0818 Illinois Commerce Commission -vs- Central Illinois Light Company, et al.

Implementation of Section 16-126 of the Public Utilities Act regarding establishment of an independent system operator in Illinois.

The Commission initiated a proceeding pursuant to Section 16-126 (b) of the Act to determine whether the Midwest ISO met the criteria enumerated in Section 16-126 (a), (c) and (d) of the Act. The Commission directed the Respondent companies to present evidence that demonstrated that the Midwest ISO meets the standards enumerated in 16-126. The parties reached agreement on all issues and presented evidence which demonstrated that the Midwest ISO met the criteria of the Act. Upon this showing, the Commission entered its Order which determined that the Midwest ISO met the criteria set forth by the Act.

98-0819 North Shore Gas Company

98-0820 The Peoples Gas Light and Coke Company

Proposals to eliminate the Purchased Gas Clause and include gas charges in base rates.

By Orders entered June 7, 1999, the Commission set fixed gas charges in cents per therm pursuant to Section 9-220(d) of the Public Utilities Act. In each instance, both Peoples and North Shore, in accordance with Section 9-220, rejected the Commission's determinations and continued their use of the PGA clause.

99-0127 Northern Illinois Gas Company d/b/a Gas Company

Petition of Northern Illinois Gas Company d/b/a Nicor Gas Company for permission to place into effect proposed Rider 4, Gas Cost Performance Program and revisions to Rider 6, Gas Supply Cost, pursuant to Section 9-244 of the Illinois Public Utilities Act.

Pursuant to Section 9-244 of the PUA, Northern Illinois Gas Company d/b/a Nicor Gas ("Nicor" or the "Company") filed a petition seeking approval of a Gas Cost Performance Program ("GCPP") as an alternative to traditional regulation of its gas costs. The Commission entered an Order on November 23, 1999, approving Nicor's program albeit with several modifications. These modifications were formally accepted by Nicor on December 6, 1999. Pursuant to Section 9-244 (b), and on the basis of Nicor's written

acceptance of the modifications imposed, the Commission entered an Amended Order approving with finality the Company's proposal as modified in the November 23, 1999 Order.

WATER AND SEWER UTILITY DOCKETS

97-0605/ Illinois Commerce Commission, On Its Own Motion -vs-
97-0606/ Crystal Clear Water Company
97-0607/ Highland Shores Water Company
97-0608/ McHenry Shores Water Company
97-0609 Northern Illinois Utilities, Inc.
Cons. Wonder Lake Water Company

Investigation of rates and practices pursuant to Section 9-250 of the Public Utilities Act and for a Citation for failure to comply with statutory and regulatory requirements.

The Commission entered a Citation Order, based on Staff reports, to investigate, the justness, reasonableness and sufficiency of five water companies rates and to terminate the pending simplified rate cases filed by the Respondent companies. The Citation Orders also directed the companies to present evidence to show cause why the Commission should not impose civil penalties pursuant to Section 5-202 of the Act, and take other appropriate action against them for alleged violations of various provisions of the Act and 83 Ill. Adm. Code.

These dockets were unusual in that they were rate cases combined with investigations of the companies' rates and practices as well as a Citation proceeding. During the investigation phase, Staff conducted extensive inspections of the operations, facilities and records of Respondents. Based on this investigation, Staff found numerous violations of the Act. Most of the violations were common to all cases, however, some were case specific. In each instance, Staff proposed recommendations which the companies accepted. The Commission found all of these remediation recommendations reasonable and supported by the evidence. The Commission ordered that the companies comply with the Staff's recommendations within time frames noted in the Order. The Staff will continue to monitor the companies to make sure they are in compliance with the Commission's Order.

With regard to the rate case portions of the cases, the Commission found that the Companies' rates were insufficient to generate the operating income necessary to permit the Companies to earn a fair rate of return. The Commission, therefore, granted a rate increase based on the evidence presented by the companies and Staff.

98-0617 **Citizens Utility Company of Illinois**
Establishment of the Eastern Homer Township Trunk Sewer facilities rate.

Citizens Utility Company of Illinois ("CUCI") filed a Petition in which it proposed to establish a rate for the Eastern Homer Township Trunk Sewer Facilities. CUCI advocated that the proposed rate to recover costs associated with the installation of a new trunk line was justified, since the existing tariff allowed for recovery of costs only for capacity additions to the existing water reclamation facility. It also asserted that the trunk facility was not a capacity addition or even an attempt to equalize usage but only an attempt to make the best possible use of such facilities. Staff opposed the proposed rate on the basis that the trunk line installation was designed to equalize usage and was, therefore, covered by the existing tariff. The Commission concluded that CUCI's evidence and arguments were compelling, and entered an Order approving the proposed rate on June 3, 1999.

98-0753

Consumers Illinois Water Company

Petition for (1) issuance of a Certificate of Public Convenience and Necessity ("Certificate") to operate a water supply and distribution system and sewage collection system in Will County; (2) approval of water and sewer main extension agreements; (3) approval of accounting entries related to acquisition of facilities; (4) reclassification of investment in waste treatment facility; (5) termination of accounting and reporting requirements; and (6) approval for application of Willowbrook Water and Sewer Division rates.

Consumers Water was granted permission to construct and operate water and sewer service in an area of Will County that has been inadequately served by its current provider. Consumers Water and the County demonstrated that the incumbent provider had frequently violated Commission rules and statutes and environmental protection laws. Consumers Water agreed to provide service at rates equal to its existing rates in adjacent service territories.

PIPELINES

99-0376

Marathon Ashland Pipe Line LLC and Scurlock Permian Pipe Line LLC

Joint Application pursuant to the provisions of Sections 15-301, 15-401, 15-501, 15-502 and 15-503 of the Public Utilities Act, for certification of Scurlock Permian Pipe Line LLC as a common carrier by Pipeline and approval of rates and accounting, and for cancellation of certain certificates of Marathon Ashland Pipe Line LLC.

The Commission entered an order on October 26, 1999: 1) finding that public convenience and necessity require that Scurlock be authorized to operate its assets as a common carrier by pipeline, pursuant to rates, terms and conditions filed with the Commission; 2) issuing Certificate of Good Standing authorizing Scurlock to operate as a common carrier pipeline in Illinois; and canceling MAPL's Certificate in Good Standing to provide the services and operate those facilities for which Scurlock is now certificated.

Appendix B

Relevant Federal Legislation

RELEVANT FEDERAL LEGISLATION

ENERGY

HR 45

Introduced as the Nuclear Waste Policy Act of 1999 by Representative Upton on January 6, 1999. HR 45 directs DOE to develop a system to accept spent nuclear fuel for interim storage no later than June 30, 2003. HR 45 has been discharged by the House Committees on Resources and Budget.

HR 667

Introduced as "The Power Bill" by Representative Burr on February 2, 1999. HR 667 removes federal impediments to retail competition in the electric power industry. HR 667 has been referred to the House Subcommittee on Energy and Power.

HR 971

Introduced as the Electric Power Consumer Relief Act of 1999 by Representative Walsh on March 3, 1999. HR 971 ensures rates charged by cogenerators do not exceed costs. HR 971 has been referred to the House Subcommittee on Energy and Power.

HR 1587

Introduced as the Electric Energy Empowerment Act of 1999 by Representative Stearns on April 27, 1999. HR 1587 encourages states to establish competitive retail markets for electricity, to clarify the roles of the Federal Government and the States in retail electric markets, to remove certain Federal barriers to competition. HR 1587 has been referred to the House Subcommittee on Energy and Power.

HR 1828

Introduced as the Comprehensive Electric Competition Act by Representative Bliley on May 17, 1999. HR 1828 requires utilities to permit all retail customers to purchase power from the supplier of choice by 1/1/2003. Permits opt-out provision if states can prove an alternative policy is better. Provides numerous other substantive provisions. HR 1828 has been referred to the House Subcommittee on Energy and Power.

HR 2050

Introduced as the Electric Consumers' Power to Choose Act of 1999 by Representative Largent on July 22, 1999. HR 2050 provides consumers with a reliable source of electricity and a choice of electric providers. HR 2050 has been referred to the House Subcommittee on Energy and Power.

HR 2786

Introduced as the Interstate Transmission Act of 1999 by Representative Sawyer on August 5, 1999. HR 2786 scales back FERC authority to order regional transmission organizations (RTO's) to enhance transmission of electric energy in interstate commerce. HR 2786 has been referred to the House Subcommittee on Energy and Power.

HR 2944

Introduced as the Electric Restructuring Bill by Representative (Barton) on September 24, 1999. HR 2944 provides consumers with a reliable source of electricity and a choice of electric providers. A mark-up session was held and the bill has been forwarded from Subcommittee to Full Committee.

S 282

S 282 amends Public Utilities Regulatory Policies Act of 1978 and was introduced by Senator Mack on January 21, 1999. S 282 provides that no electric utility shall be obligated to purchase power under PURPA. S 282 has been referred to the Senate Committee on Energy and Natural Resources.

S 313

PUHCA Reform introduced by Senator Shelby on January 27, 1999. S 313 repeals the 1935 PUHCA; implements the recommendations of the SEC. S 313 has been placed on Senate Legislative Calendar under General Orders.

S 516

Introduced as the Electric Utility Restructuring Act of 1999 by Senator Thomas on March 3, 1999. S 516 imposes no "retail choice mandate." It removes Federal impediments to competition and creates a mandatory organization for reliability management under FERC oversight. S 516 has been referred to the Senate Committee on Energy and Natural Resources.

S 608

Introduced as the Nuclear Waste Policy Act 1999 by Senator Murkowski on March 15, 1999. S 608 is the same as HR 45; a bill to amend the Nuclear Waste Policy Act of 1982. S 608 has been referred to the Committee on Energy & Natural Resources.

S 1047

Introduced as the Comprehensive Electric Competition Act by Senator Murkowski on May 13, 1999. S 1047 requires utilities to permit all retail customers to purchase power from the supplier of choice by 1/1/2003. Permits opt-out provision if states can prove an alternative policy is better. Provides numerous other substantive provisions. S 1047 has been referred to the Committee on Energy and Natural Resources.

S 1287

Introduced as the Nuclear Waste Policy Amendments Act of 1999 by Senator Murkowski on June 24, 1999. S 1287 provides for the storage of spent fuel pending completion of the nuclear waste repository. S 1287 has been placed on the Senate Legislative Calendar under General Orders from the Committee on Energy and Natural Resources.

TELECOMMUNICATIONS**HR 438**

Introduced to create a uniform emergency number for U.S. by Representative Shimkus on February 2, 1999. HR 438 establishes 9-1-1 as the universal emergency number of wireless telecom users. HR 438 passed the House and has been referred to the Senate Committee on Commerce.

HR 539

Introduced to create a uniform emergency number for U.S. by Representative Danner on February 3, 1999. HR 539 establishes 9-1-1 as the universal emergency number of wireless telecom users. HR 539 has been referred to the House Committee on Telecommunications, Trade and Consumer Protection.

HR 692

Introduced as the E-Rate Termination Act by Representative Tancredo on February 10, 1999. HR 692 terminates the universal service program for schools and libraries. HR 692 has been referred to the House Committee on Telecommunications, Trade and Consumer Protection.

HR 727

Introduced as the Telecommunications Trust Act by Representative Klink on February 11, 1999. HR 727 provides for explicit and stable funding for universal telecom service. HR 727 has been referred to the House Committee on Telecommunications, Trade and Consumer Protection.

S 58

Introduced as a bill to amend the Communications Act of 1934 by Senator Collins on January 19, 1999. S 58 is a bill to improve protections against telephone service "slamming" and provide protections against telephone billing "cramming", to provide the Federal Trade Commission jurisdiction over unfair and deceptive trade practices of telecommunications carriers. S 58 has been referred to Senate Committee on Commerce.

S 765

Introduced as the Area Code Conservation Act by Senator Collins on April 12, 1999. S 765 sets a date by which the FCC must develop a plan for efficient allocation of phone numbers; gives states decision making authority for area code conservation measures while FCC is developing a plan. S 765 has been referred to the Senate Committee on Commerce.

S 800

Introduced to create a uniform emergency number for U.S. by Senator Burns on April 14, 1999. S 800 establishes 9-1-1 as the universal emergency number of wireless telecom users (similar to HR 438). S 800 has been signed by the President and has become Public Law 106-81.

S 877

Introduced as the Broadband Internet Regulatory Relief Act of 1999 by Senator Brownback on April 26, 1999. S 877 ensures that high-speed Internet access is available to rural constituents. S 877 has been referred to the Senate Committee on Commerce.

S 1125

Introduced as the Telecommunications Merger Review Act of 1999 by Senator McCain on May 26, 1999. S 1125 restricts the authority of the FCC to review mergers and to impose conditions on licenses and other authorizations assigned or transferred in the course of mergers subject to review by the DOJ or the FTC. S 1125 has been referred to the Senate Committee on Commerce.

Appendix C

Emission Allowance Reports

(Note: The emission reports are not included in the web edition of the report, but are in the printed document.)